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No. 41



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NATIONAL ECONOMIC POLICY

EXPANDING AUTONOMY OF ENTERPRISES BRINGS BENEFIT TO ENTERPRISES, STATE

Beijing GONGREN RIBAO in Chinese 4 Oct 79 p 2

[Article by correspondents Li Ji [2621 0370] and Niu Fenghe [3662 7685 0735]: "Are Enterprises Getting More and the State Collecting Less?--On Expanding the Autonomy of Enterprises"]

[Text] At present, a problem that has become the concern of the nation's workers is the expansion of autonomy of enterprises. All those enterprises which have tried to expand their autonomy have felt the coming of a new situation like an ever changing springtime. The enterprises have changed from being a "bead of an abacus" that is always pushed around to a "live cell" full of life. The masses of workers have corrected the unreasonable system in which doing and not doing are all the same and doing well and doing poorly are all the same. Now, "everyone is talking about the profit goals and everyone is discussing ways to increase production." Workers in Beijing said it well: "To mobilize the activeness of workers and the enterprises like this will assure a rich nation and a strong people!"

But, in the course of testing out expansion of autonomy of the enterprises, there are some comrades who worry, saying: "In doing so, the enterprises will get more and the state less!"

Is it like this? How should this problem be treated? This problem should be considered conscientiously because it relates to whether this major policy of expanding the autonomy of enterprises can be conscientiously implemented or not, this relates to whether the activeness of the workers and masses and the enterprises can be mobilized, and it thus relates directly to whether the Four Modernizations can be quickly realized or not.

I. "After expanding the autonomy (of the enterprises), the enterprises get more." This kind of talk is undoubtedly correct. It should be said that one of the goals of expanding the autonomy of the enterprises is to allow enterprises to get more, to fully mobilize the activeness of the workers and the enterprises and do the work in production well. According to the

five regulations of expanding the autonomy of the enterprises promulgated by the State Council, the concerned departments estimate that: 1. the enterprises can get 60 to 70 million yuan from appropriations for test production of products; 2. enterprises can get 30 to 40 million yuan more in business capital than last year when the method of allowing enterprises to retain a percentage of the profits is implemented; 3. starting from next year, depreciation of fixed assets can be raised by 0.5 percent and the nation's enterprises can get 1.5 billion yuan based on increasing profits; 4. starting from next year, the total value of depreciation of fixed assets to be distributed among the enterprises and administrative departments of enterprises throughout the nation is about 4.5 billion yuan. The four amounts above will total an extra 7 billion yuan for the nation's industries and enterprises. This fully proves that the state is determined to give greater autonomy over finances to the enterprises so that the enterprises will get more.

This policy is the result of the many years of experience of our nation's industries and enterprises and the lessons they have learned. Our nation's present industrial management system as regards financial power, is centralized revenue and centralized expenditure. It is basically a supply system under which everyone takes from the "big bowl." All profits of the enterprises are remitted to the higher echelons. When the enterprises suffer a loss, the state pays the subsidies. Without the approval and appropriations of the upper echelons, the enterprises have no authority or ability to make any kind of reform, let alone expanding reproduction. Some enterprises are even unable to maintain continued reproduction. Some people have said jokingly, at present, which enterprises in the People's Republic of China have independent economic accounting? Some comrades say there is only one, the Ministry of Finance. Everything is calculated there anyway. All earnings of the enterprises are handed over to it and all losses by the enterprises are being subsidized by it. The administrative system is so unreasonable--does it not need to be reformed? To reform, the enterprises must be given certain powers in finances and it means allowing the enterprises to get more. Power and responsibility are united. Allowing the enterprises to have certain financial powers (including human rights and material rights), the enterprises will take up the responsibility for its quality of management and the size of its profits. Profits of enterprises benefit the leadership and the workers. If the enterprises suffer losses, the leadership and workers will all lose in material benefits. Only in this way can the benefits of the state, benefits of the enterprises and benefits of workers be tied together. Only in this way can the enterprises have their own power to manage the enterprises well, and only in this way can production be truly raised.

Therefore, after the enterprises have expanded their autonomy, they will have more income. This is normal. Just as the situation in the farm villages after implementation of the two documents of the Chinese Communist Party Central Committee, farmers have more income, the activeness of the

farmers has been aroused and a big agricultural surplus harvest this year in our nation has been realized. The greatest force behind the progress in agriculture and the most powerful measure was the power of the party's two documents and the power of the party's policy. In the same way, the greatest force behind progress in industry and the most powerful measure are also the party's policy. Expanding autonomy of the enterprises and allowing the enterprises to get more are exactly one of the great policies of the party in industry.

Some comrades say expanding the autonomy of the enterprises is to achieve the "three more"—more revenue for the state, more income for the enterprises and more benefits for the individual. The enterprises should not be allowed to get more but how much more the state gets should be observed first.

Undoubtedly, the final result of expanding the autonomy of the enterprises is "three more." The trial enterprises and workers must correct their concept of the relationship among the state, the enterprise and the individual so that managing the enterprises well can be more actively carried out to contribute more to the state. But, allowing the enterprises to get more is prerequisite to increasing the revenue of the state. We have lost out before because allowing the enterprises to have more income was never regarded as a prerequisite to managing the national economy well. The enterprises never had any power, they were like a dead brick laid on the wall of the big edifice of the national economy unable to move. Although we have undergone several reforms in management systems since the founding of the nation, they were mainly to solve the problems of centralization and decentralization and had nothing to do with industrial and mining enterprises. The financial power and other powers of the enterprises have always been small. Let us ask this question, can industrial economy itself grow if the enterprises—as the foundation of industrial economy—are without financial power?

Here we touch upon the relationship of the source and the flow of the national economy. The source of the national economy is the place where financial riches can be increased and also the places where people engage in productive labor. These places, taking industry as an example, are factories and mines. The productive forces in industry are concentrated here. All workers that perform labor here are direct producers and these places are the basic sources of the nation's wealth. The entire industrial economy is the flow and industrial enterprises are the sources. Only when the enterprises have financial power, only when the enterprises can receive more and only when the activeness of the workers are aroused, can production develop, the entire nation's industrial economy become prosperous and the state have more revenue. The principle is this: "The large river can be filled if the small rivers have water. The large rivers will be dry if the small rivers do not have water."

II. Now, let us look at the situation again. If the enterprises get more, will the state get less?

Trial enterprises in Sichuan, Beijing and Yunnan have shown that after expansion of their autonomy, the enterprises got more, the workers got more and the state actually got more revenue. This can be proven by the following three aspects:

1. According to this year's profits plans, the profit targets as handed down by the state were not fulfilled by the enterprises because of various subjective and objective reasons. After expansion of the autonomy of the enterprises, the activeness of the enterprises and workers was developed. Not only was the state's profit targets reached, but the profit plans established by the enterprises had even higher goals than those of the state. Take Beijing City for example, each industrial bureau and some key enterprises were unable to fulfill the state's profit targets because some major raw materials rose in price and some industrial products dropped in price. Even in June, according to the profit plans handed down by the state, total profits were short [the profits to be earned by the enterprises could not be arranged] of the planned targets by 270 million yuan. At the beginning of July, Beijing city implemented the method of retaining a percentage of the profits to expand autonomy of the enterprises. Immediately afterwards, the situation was changed. Now, each industrial bureau was not only able to fulfill the profit targets handed down by the state, but also surpassed them. The Bureau of Textile Industry was originally short of the profit targets by 7 million yuan. Now, these have been fulfilled easily and responding to the plans of increasing production and conservation drawn up by each enterprise, another target has been set to surpass the present target of the profit plan by 15 million yuan.

This situation is as some comrades have described: profits are like a glass of water. As seen on the surface, after you drink a little from it and he drinks a little from it, even though over half is still left for the state, what remains is still less than the whole glass of water. But one must realize that if the enterprises do not drink a little from it, the workers do not drink a little from it, their activeness will not be mobilized and it is possible that there would not have been any cup of water to drink from. Beijing city's effort to fulfill the state's profit targets has proven this point.

2. The actual effect, generally speaking, shows that after the autonomy of the enterprises was expanded, the state's revenue increased, not lessened. Take Sichuan as an example, among 100 trial enterprises, there were 84 production enterprises. The total production value of these 84 enterprises from January to August registered an increase of 15.3 percent over that of the same period last year. The profits submitted to the state surpassed last year's best record in the past for the same period by 75 million yuan net, a percentage increase of 25 percent, and a doubling on the average over the amount of profits submitted by non-trial enterprises throughout the province. There were 20 trial enterprises in Chongqing. Profit targets have been assessed for 17 of these of the city. The total industrial production value of these 17 enterprises between January and August of this year registered an increase of 13.1 percent over that of the same period last year, profits registered an increase of 19.81 percent, the profit targets were surpassed by 25 million yuan. Of this, the plants received 7.36 million yuan and the state received 17.64 million yuan. Take Beijing

as an example again: after implementation of the method of retaining a percentage of the profits in July, statistics of the 15 industrial bureaus (offices and companies) show that the profit submitted to the state in July surpassed the monthly average for the first half of the year by 17.57 million yuan, an increase of 8.62 percent. The profit submitted to the state in August surpassed the monthly average for the first half of the year by 50,030,000 yuan, an increase of 24.56 percent. Obviously, the state received more.

Of course, among the trial enterprises, there were also a few enterprises which did not fulfill the profit targets because of shortages of raw material supplies. But they are not the main stream, and we cannot conclude that the general trend of the trial enterprises is that the enterprises got more and the state less.

3. In development, where has the extra income of the enterprises been spent? Practice shows that the income received by the enterprises was first used to develop production. The result was that the state benefitted even more. For example, among the 20 trial enterprises in Chongqing, the enterprises were able to retain 20 million yuan from extra profits beyond the target goals and from depreciation funds, according to preliminary estimates. Many enterprises used this money to reform technology and production progressed markedly. The No 2 Knitwear Plant of Chongqing is an old enterprise. Its equipment are old and outdated and rebuilding was urgently needed. The upper echelon authorities agreed to appropriate at market price 80 new hosiery machines capable of weaving socks and stockings of three colors. However, the plant did not have the capital and could not obtain them. In March of this year, the enterprise expanded its autonomy and 68,000 yuan of funds of the enterprise was used to purchase 20 such machines. In April, the machines joined in production and 70,000 pairs of nylon stockings were produced in a month, realizing a profit of 40,000 yuan. Within 2 months, the entire investment was retrieved. The situation at the Yunnan dyeing and printing plant was even more typical. Last year, this plant did not have any financial power. Money appropriated for making soy sauce could not be used to make vinegar. The plant had absolutely no capability to rebuild itself. After autonomy of the plant was expanded, the plant pooled the repair fund, the depreciation fund and the enterprise fund together and used the funds first for rebuilding, major repairs and application of new techniques. By the end of August, 19 newly rebuilt and new installations were completed. As a result, the total industrial production value between January and August of this year registered an increase of over 30 percent over that of the same period last year, profits registered an increase of over 43 percent over that of the same period last year. The production of prints increased over 25 percent over that of the same period last year. All of these surpassed the plant's best levels of the past.

It can be seen from this that whether viewing from the profit plans, the results of practice or development of production, after the enterprises expanded their autonomy, the state actually received more, not that the enterprises received more and the state less.

Comrade Hua Guofeng pointed out in his "Report on the Work of the Government" those parts in the reformation of productive relationships and in the super-structure which hinder the realization of the Four Modernizations as the major problems which need to be solved in the present stage of our nation. The extreme importance of reforms can thus be seen. Many regulations, systems and methods of modern business administration are suitable but quite a large part has already become a hindrance to development of production. These hindrances are clearly shortcomings which everyone from the bottom levels to the upper echelons feel and everyone is discussing them. Yet, by changing one part the entire system will be moved. Expanding autonomy of the enterprises is this way. Therefore we must liberate thinking and insist on practice as the only standard for testing the truth. People's thoughts must be united under Comrade Mao Zedong's repeated emphasis on seeking the truth from facts and the fundamental viewpoint of Marxism that everything must originate from actuality. The practical viewpoint must be used to examine everything and observe everything.

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NATIONAL ECONOMIC POLICY

COMMODITY PRICE STABILIZATION DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 3 Nov 79 p 4

[Article by Chen Shijun [7115 1709 0689]: "Several Points on Stabilizing Commodity Prices"]

[Text] Maintaining the basic stability of commodity prices is an important economic policy of our country. Correctly understanding and implementing it possess an extremely important significance in the readjustment, restructuring, consolidation, improvement and realization of the four modernizations in our national economy. From his practical experiences, the writer wishes to discuss his superficial views on the issue.

Commodity Price Stabilization Must Not Be Interpreted as "Absolute Inactivity"

The interpretations of maintaining the basic stability of commodity prices are often not unanimous. Some people often interpret it as the "absolute inactivity" of commodity prices and "commodity price freeze." Those holding this view feel that only the stability and constancy of commodity prices satisfy the objective requirement of the law of the socialist planned economy and manifest the superiority of the socialist system. They often find the planned and rational readjustment of prices and the fluctuations in commodity prices undesirable. Others feel that, while commodity price stabilization is not absolute inactivity or price freeze, any change must be a change of one to one, balancing correspondingly by making the prices higher or lower. Those holding this view feel that only thus will it be implementing the policy of commodity price stabilization. These two one-sided interpretations were particularly serious during the Great Cultural Revolution.

Interpreting commodity price stabilization as "absolute inactivity" has its source. Some people refuse to admit that the socialist

economy is commodity production or to recognize the regulating effect of the price law under the socialist commodity production; therefore, they lack a correct understanding of the nature, characteristics and effect of the socialist planned pricing. Utilizing this situation, Lin Biao and the "gang of four" promoted an ultra-leftwing line, disrupted the commodity price management work and created serious consequences. To maintain the absolute stability of commodity prices, some areas enforced mechanical balancing, failing to adjust the prices which should have been adjusted, adjusting those which should not have been changed, adjusting too little or too much, lowering those which should have been raised, raising those which should have been lowered, etc. Therefore, commodity price problems are so innumerable that they appear to be hopeless. On the one hand, the "price differentials" between industrial and agricultural products and the irrational price parities between them left down from the old society have not been reduced and readjusted. On the other hand, as the prices have not been promptly adjusted with the changing labor productivity, the formerly rational price parities have become irrational, and the formerly irrational ones have become aggravated. The area of deviation between price and value expands more and more, and the range of deviation widens continuously.

The problem is glaringly reflected in the following aspects: 1. The purchasing price of farm products is noticeably too low. While the farm output increases, some of the communes and brigades fail to receive a higher income, and the receipts of others cannot cover the cost, seriously dampening the productive fervor of the peasants. 2. The prices of basic industrial products such as raw material and fuel are too low. 3. The internal price parities of industrial and agricultural products are irrational. The processed industrial products are too high compared with the general products. 4. The purchasing and marketing price differentials of some commodities are irrational. For instance, the purchasing price of certain agricultural and sideline products has been raised, but the marketing price has not been readjusted; the prices of finished products using agricultural and sideline products as raw material has not been readjusted. There is a lack of coordination between purchasing and marketing prices and between the prices of raw material and finished products. The long unsolved irrational price parity produces an unfavorable effect on production, circulation, distribution and consumption, aggravates the maladjustment of the ratio in the national economy, and blocks the development of the national economy. For instance, the planned and proportional development of the national economy calls for the order of "agriculture, light industry and heavy industry," but the pricing is unfavorable to the implementation of this policy. As the pricing deviates seriously from the value, some

enterprises suffer continuous losses for a long period of time while others reap excess profits; the essential products are out of stock while the nonessential products are blindly produced and overstocked. The failure to remedy the irrational situation of the price parities of the various products affects the operational enthusiasm of the enterprises and the development of new technology, new equipment and new products, thereby blocking the improvement of the production level. That the irrational pricing system is unfavorable to the implementation of the policy of readjusting, restructuring, consolidating and improving the national economy is very obvious. Therefore, considering commodity price stabilization as "absolute inactivity" and "price freeze" is detrimental to the development of the socialist economic construction.

Why Must There Be Only Relative and Basic Stability?

As everyone knows, price is the monetary manifestation of the value of a commodity. Under ordinary circumstances, the law of the activity of commodity prices is limited to the following three situations: 1. Under the condition of a constant commodity value, when the amount of currency circulating in the market exceeds the actual need, the situation of currency devaluation appears, and the commodity prices will generally rise. When the amount of currency circulating in the market is less than the actual need, the situation of currency appreciation appears, and the commodity prices will generally fall. 2. Under the condition of a constant commodity value, the fluctuations in demand and supply will also produce changes in the prices of certain commodities. When the market supply exceeds the demand, the prices will fall; vice versa, they will rise. 3. The amount of commodity value itself will produce changes in the price. Under the situation where such factors as the amount of currency circulation remain constant, when the labor productivity generally improves, the prices will fall; vice versa, they will rise. Under the situation where such factors as the amount of currency circulation fluctuate, improvement in the labor productivity will not necessarily cause the prices to drop, and reduction in the labor productivity will not necessarily cause them to rise.

The situations of commodity price activities discussed above constitute the general law of commodity economy. Under the condition of the socialist commodity production, the changes in commodity prices also have their unique factors, which are roughly as follows:

1. The socialist economy demands that the various price parities in the commodity price system conform to the planned and proportional

development of the national economy. Prices unfavorable to the development of the national economy must be raised or lowered.

2. The needs of the political and economic situations and tasks in the different periods of the socialist revolution determine the required adjustment of prices by raising or lowering them. It is what is called the policy factor in price changes, in form of such measures as price freeze, low price policy, high price policy, etc.

3. The state makes planned adjustments of the redistribution of the national income. With the fluctuations in the ratio between reserve and consumption, besides taxation and wages, it must suitably utilize the economic lever of price to make rational adjustments of the prices of certain commodities.

The two categories of factors discussed above determine the condition of the socialist commodity price structure. Therefore, the rational adjustment of prices is a normalcy.

Next, to correctly interpret the meaning of "commodity price stabilization," it is also necessary to explore and assess the connotations of the stability and instability of commodity prices and study the relationship between the changes in prices and in wages. As we all know, the rate of improvement of the labor productivity will always form a direct ratio with the rate of reduction of the prices of products. Wage increases must be kept lower than the range of improvement in labor productivity, which must be improved continuously, in order to maintain the basic stability of commodity prices and actually improve the living standard of the staff and workers. Conversely, when the value of commodities rises and the prices change correspondingly, the actual living standard of the staff and workers will not be improved. The mutual relation between price and value on the one hand and labor productivity and wages on the other enables the state to utilize price for the rational adjustment of the ratio between reserve and consumption, providing the possibility for expanding social reproduction. This is one aspect of price as a lever.

We can thus see that, under the condition of the socialist commodity production, the socialist pricing possesses both the possibility of basic stability and the necessity for relative changes. Under the relative and basic stability of commodity prices, planned and rational adjustments of the commodity price structure and coordination of the price parities of various commodities constitute the objective requirement of the law of the socialist economy. Therefore, the fundamental spirit of the commodity price stabilization policy can only be interpreted as a relative and basic stability.

The relative and basic stability of commodity prices includes adjustments to raise or lower the prices of certain commodities, and there must be changes in the general level of commodity prices. In regard to the rate of the changes, in the short range, the changes may be, at times, big or small or none at all. In the long range, the average annual rate of change is limited, not continuous big changes or no activity at all over a long period of time. Big changes are incidental, small changes are constant, and no activity is temporary. It is one-sided to interpret commodity price stabilization as "price freeze" and "absolute inactivity," or to feel that large reductions indicate stability and small increases instability. It is also one-sided and therefore wrong, to interpret commodity price stabilization as blind changes without planning or as large increases and reductions.

Respecting the Law of Value and Adjusting Irrational Prices by Planning Constitute the Requirement in Readjusting the National Economy

As proved by the practice of the past 30 years, such views and methods as commodity price freeze or mechanical balancing and long inactivity or blind changes without planning are untenable in theory and harmful in practice. To adapt to the constantly changing objective conditions and promote the development of the socialist economy, we must respect the law of value when adjusting prices and make planned and rational adjustments of the imbalance in price ratios and irrational commodity price structure left down by history and created by Lin Biao and the "gang of four's" interference and disruption. In readjusting the national economy, the Party Central Committee demands that a comprehensive consideration be given the entire commodity price system, that the commodity price structure be placed on a new and rational foundation by planning, and that a relative and basic stability of commodity prices on the foundation of the general coordination of the price parities of the various commodities be attained. If not coordinated with appropriate measures in the aspect of commodity prices, the measures for readjusting other aspects of the national will inevitably produce only half the result with twice the effort, for the imbalance in the price parities in the commodity price system will block the readjustment of the national economy. If other aspects of the national economy are not readjusted, the adjustment of commodity prices will have no basis or material foundation, and it will be impossible to realize the planned adjustment of irrational prices. Therefore, the objective requirement is to restructure by planning the existing problems in commodity prices and gradually create a commodity price system compatible with the economic laws and attaining a relative balance among the price parities in the various aspects, such as the price parities between industrial and agricultural products, among the agricultural products themselves

(excluding the marketing prices of special commodities such as grain and oil), between raw material and finished industrial products, between light and heavy industrial products, between high-grade and general merchandise, and between substitute commodities. It is an important measure to implement the policy of readjusting the national economy.

As commodity prices involve the production, circulation, distribution and consumption in the social economy and affect innumerable households, some people fear that the readjustment will result in confusion and mistakes, that new irrationalities will be added to the old ones, and that a chain reaction will become uncontrollable and detrimental to the excellent political situation of stability and unity. Such concerns are reasonable. However, we fully believe that commodity price readjustment can be successfully accomplished as long as the party committees of all levels conscientiously strengthen their leadership in the commodity price work, respect the law of value, uphold the principle of "planning first; pricing second," investigate and study properly, solve the principal contradictions by planning in periods and in groups, reinforce commodity price management, strictly delineate the sphere of authority in price adjustment, delegating authority to the lower level where it should be delegated and concentrating authority where it should be concentrated, strictly observe the discipline of commodity prices, forbid unauthorized price adjustments and disguised price increases, and oppose large increases and reductions. In short, as long as we completely understand and correctly implement the policy on commodity price stabilization, we will succeed in the rational readjustment of commodity prices, without creating confusion or causing uncontrollable changes in commodity prices.

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CSO: 4006

NATIONAL ECONOMIC POLICY

PRC METALLURGICAL INDUSTRY HOLDS WORK CONFERENCE IN BEIJING

OW271151 Beijing XINHUA Domestic Service in Chinese 1143 GMT 25 Jan 80 OW

[Text] Beijing, 25 Jan--The metallurgical industrial departments must both concede and make progress as well as boost production in every way. This was the main topic of discussion of representatives attending the national metallurgical work conference held recently in Beijing.

This policy of both conceding and making progress was put forward by the metallurgical industrial departments in 1979 after taking the overall situation into account and proceeding from the realities of the metallurgical trade, and in accordance with the policy of the Party Central Committee and the state council on readjusting, restructuring, consolidating and improving the national economy.

Conceding means that the metallurgical industry will take the overall situation into account and that it will not vie for investments but will curtail investments and capital construction projects in the metallurgical industry according to the state plan. In this way, capital, coal, investments, petroleum and transportation facilities can be used to develop agriculture and the light and textile industries, as well as to improve other weak links in industry.

Making progress means making a great effort to reduce consumption of energy and other resources and to increase production using the conserved raw and other materials and fuel. It also means using the state's investment in the metallurgical industry and the capital of the metallurgical industry to improve quality and increase the varieties of products and strengthen mining, which is a weak link. Making progress also means insuring construction of key projects, despite limited investment, and fully utilizing foreign capital to accelerate the development of our metallurgical industry.

Because of this policy, the broad masses of cadres and technicians of the metallurgical industrial departments maintained their high morale, exerted concerted efforts, went all out and achieved an even greater success in 1979 on the basis of having achieved a great success in 1978.

Responsible cadres, technical specialists, labor heroes and representatives of heroic collectives from various provinces, municipalities, autonomous regions and key enterprises maintained that the task of the metallurgical departments in the first year of the 1980's is to closely follow the state plan of readjusting the national economy, uphold the policy of both conceding and making progress and raise the production, technical and management levels of the metallurgical industry so as to increase production of a greater variety of quality products while lowering consumption of resources.

Above all, it is necessary to abide by the concept of taking the overall situation into account. The "Four Modernizations" cannot possibly be realized without steel and nonferrous metals. The state has readjusted the target of steel production and the scale of certain construction projects, but this does not mean that the state no longer needs steel. It means that the state cannot use greater financial and material resources for developing the metallurgical industry when the state is urgently concentrating its efforts on developing agriculture and light industry and on improving weak links, including coal, electric power, petroleum and transport. The cadres, workers and technicians of the metallurgical departments must face this reality, keep the cardinal principles in mind, take the overall situation into account, establish their foothold on the existing foundation, tap their latent potentials and play an active part in sharing the state's burden. Regarding investment and energy resources, the metallurgical industry must concede to agriculture and light industry. As for production, it must fully utilize the resources provided by the state and strive to produce as many good products as possible with minimum consumption of resources so as to better serve the various national economic departments.

To uphold the policy of both conceding and making progress means to persistently maintain a vigorous revolutionary enthusiasm. We must, as in the past year, maintain the same enthusiasm despite a reduction in investments and a lowering of the production target. What is more, we must further heighten our enthusiasm, and strive to create conditions and surmount difficulties and lead the broad masses of workers and staff members to channel their enthusiasm and wisdom in tapping their potentials, making reforms and renovations, restructuring their enterprises and achieving greater economic results, and strengthening weak links within the metallurgical industry.

To concede and make progress means we must organize the broad masses of workers and staff members to work in a down-to-earth manner in an effort to achieve new successes in strengthening enterprise management, improving product quality, increasing the variety of products, reducing resource consumption, building key projects and stepping up scientific research.

The conference decided to do the following 10 tasks well:

1. Increase the production of steel products in short supply by 1 million dun over 1979.

2. Regard the consumers' approval as the standard for the quality of metallurgical products.
3. Key metallurgical products must be up to the standard of being marketable internationally.
4. The Wuhan Steel Plant's 1.7-meter rolling mill must be put into normal production and produce steel products up to the world's advanced level.
5. The construction of the three large imported projects--the Baoshan Iron and Steel Plant, the Jiangxi Copper Base and the Guizhou Aluminum Plant--must be properly carried out.
6. Mining must be properly readjusted.
7. Problems regarding the varieties and quality of a number of metallic materials needed by certain war industries must be solved.
8. The rate of up-to-standard steel products must be further raised by 1 percent.
9. The key iron and steel enterprises must conserve 1.5 billion dun of standard coal.
10. The amount of profits must surpass that of 1979.

The conference called on all metallurgical enterprises to continue to advance in 1980 and to regard the best monthly records of the key technical and economic targets in 1979 as the worst monthly records in 1980 so as to achieve new successes in various aspects of metallurgical production.

CSO: 4006

NATIONAL ECONOMIC POLICY

SMALLER IRON, STEEL PLANTS SERVE AGRICULTURE, INDUSTRY

Beijing CONGREN RIBAO in Chinese 11 Dec 79 p 1

[Article by Meng Xianming [1322 2009 2494] and Meng Qingsheng [1322 1987 3932]: "Small and Medium Iron and Steel Enterprises Are Serving Agriculture and Light Industry by Expanding Variety, Raising Quality, and Turning Loss Into Gain"]

[Text] Since the beginning of this year, the small and medium iron and steel enterprises have conscientiously implemented the guideline of reforming, reorganizing, and improving the national economy and have steadfastly served local agriculture, light industry, and the construction industry. By the middle of November, the production of products urgently needed by agriculture, light industry, and the construction industry which are often in short supply, including wires, small steel products, welded pipe, and plates, has increased 24.7 percent compared to the same period last year. The quality of the products has significantly increased, while consumption of various materials has steadily decreased. This has helped increase the national income by 210 million yuan this year over that of last year. This year, the small and medium iron and steel enterprises of this country have begun to contribute to the national accumulated capital.

The majority of the local small and medium iron and steel enterprises were developed after 1958. Today, the tasks of these enterprises producing wires, small-size products, and odd-size products already occupy 46 percent of the national production of these types of steel materials. However, as a result of the irrational disposition by iron and steel enterprises in some provinces and cities, some of the small steel plants are unable to get sufficient raw materials and fuel, and are thus unable to turn loss into gain. In implementing the guidelines related to reorganization of the national economy, each province and city carried out an analysis of every small steel plant and implemented strong measures, including shutdown, a halt to operations, merger, and transformation on those small steel plants which were found to be characterized as having inferior resources, high consumption, inferior quality, or large losses. So far, 178 small blast furnaces nationally have ceased operation, amounting to approximately 12 percent of the total blast furnace capacity of small and medium iron and steel enterprises all over the country.

During the reorganization process, each local small and medium iron and steel plant did its best not to compete with agriculture and light industry for capital investment and not to compete with the key iron and steel enterprises for raw materials and fuel. They stood fast to exploring the possibilities, reforming, and reconstructing, and they tried everything they could to increase production and raise the quality of the steel materials needed by agriculture and light industries. The Hangzhou Iron and Steel Plant, rolling 145-mm square ingots into No 14 I beams with their medium-size steel rollers, used to require heating and rolling twice each, with large consumption, low quality, and low efficiency. The plant organized its technical personnel and its old experienced workers to attack the problem. Boldly they modified the technology, redesigning a set of rational die shape and establishing a new technology involving closed conjugate holes. This enabled them to roll No 14 I beams in one stroke, thus doubling the yield and significantly reducing consumption. The cost per ton of the steel material dropped to 16 yuan. The variety and specifications of the products produced by this plant have reached more than 1,000, not only satisfying local needs but also enabling part of their products to be exported. In order to increase the production of piano wire needed by light industry, the Jiangxi Steel Plant, on its own initiative, undertook the task of trial production. Today, the plant has already successfully manufactured more than 50 kinds of piano wire, thus contributing to the reduction of foreign exchange which otherwise would be spent on importing piano wire.

In support of agriculture and light industry, the small and medium iron and steel plants have considered the overall situation and served their customers wholeheartedly. Whatever the customers have demanded they have supplied. There were several tens of thousands of threshers in Shandong Province which could not be used only because they were short of a certain WEN GAN GANG [4773-2616-6921] steel. The Qingdao Steel Plant had never dealt with this type of steel before, so that there was great difficulty when it accepted the task of manufacturing this steel. However, hearing that it was urgently needed by agriculture, the workers were determined to produce it. They dispatched personnel to Shanghai to learn the technology. They reconditioned a used steel roller for production purposes. Overcoming layer after layer of difficulties, they have finally successfully trial-rolled the steel product and met the needs of agriculture.

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ECONOMIC PLANNING

TIANJIN LIGHT, TEXTILE INDUSTRIES BOOSTED

Beijing GONGREN RIBAO in Chinese 3 Dec 79 p 1

[Article by Huang Zuoren [7806 0155 0088]: "Give Priority to Developing Light, Textile Industries"]

[Text] Recently, the comrades of the Tianjin economic field enthusiastically discussed the problems related to production objectives. They found a relatively accurate answer to this problem from an analysis of more than 30 years of production experiences of this old industrial city. In the process of constructing the Four Modernizations and realizing the socialist production objective of producing to the fullest extent what is most needed by the people, Tianjin should give priority to developing the light and textile industries.

The ratio of light to heavy industries in Tianjin at the time of the national economic recovery period was nine to one. For many years, however, under the influence of extreme leftist ideas, the industrial development of the area followed a long and crooked path. First of all, under the policy of "steel as the key product," the light and textile industries, which had been built on a sound foundation, were not fully utilized. Secondly, too much emphasis was placed on building heavy industry with its huge buildings and new buildings, and repair, maintenance, and reconstruction of the old plants of the light and textile industries were neglected. As a result, what the textile industry got was only the hard bones, while a heavy burden was placed on its back. This significantly affected the needs of the people, exports, and the accumulation of the capital needed for construction.

Starting this year, the concerned leading departments of Tianjin city have reorganized and strengthened the leadership of a group of light and textile industries. At the same time, in conjunction with the activities of the industrial reorganization, decisive measures have been adopted to carry out two major "operations" in the light and textile industries of the area.

The first "operation" deals with the reorganization of industrial control so as to expand the productive capability of the light and textile industries. The 255 medium to small light and textile enterprises attached to

various district leaderships have been reassigned to the leadership of three light and textile industrial bureaus. Seventy-six mechanical enterprise plants and 46 agricultural machinery enterprise plants which, on account of a lack of business, had up till now been producing common lathes which were in oversupply, have been reorganized to manufacture light industrial products such as bicycles, women's watches, musical instruments, carpets, and fountain pens.

The second "operation" deals with organization of joint industry-agriculture operated enterprises, sharing the tasks of helping promote the expansion of light and textile products. Today, the two light and textile industry bureaus have already organized, together with the neighboring counties, 20 joint industry-agriculture operated enterprises which are engaged in the manufacture of such commodities as watches, bicycles, food, clothing, and pens.

These two "operations" have opened up a new future for light and textile industries to produce high-quality products at a higher yield. A general bicycle plant and several parts plants which are being built jointly by the Tianjin Bicycle Company and the Tianjin Southern Suburban District will in 2 years become a complex with a capacity for manufacturing 500,000 bicycles a year. The sewing machine frames and cases manufactured recently by the Wuqin County No 2 Agricultural Machinery Plant not only surpassed in quality those manufactured by a sewing machine plant, but also produced them at a lower cost than the most advanced area of this country.

Besides "operations," Tianjin city also gave its light and textile industries a "transfusion" and plenty of "nutrition." They have appropriated 107 million yuan from local finance and invested it on 207 light and textile industry products. The materials department has delivered to the doorsteps all the construction materials including steel, lumber, cement, and electromechanical equipment required by the 11 key light and textile plants all over the city. Seven of the eight key light and textile industry construction projects undertaken by the Tianjin Construction Engineering Bureau are expected to be completed or approaching completion before the end of this year. As to the energy supply, the status of light and textile industries has been reclassified from "regular" to protected customers, and the supply of coal and oil has since been greatly improved. In addition, various other industries are organized to aid the light and textile industries. The entire city has already contributed 274 items of aid to light and textile industries, amounting to 87 percent of the total amount of aid dispensed by the city. The Tianjin Chemical Engineering Bureau, in order to aid the light and textile industries, increased its production of bicycle tires by approximately 10,000 units, and paint by 3,000 tons. In order to decorate bicycles, sewing machines, thermos bottles, and clocks more colorfully, the Tianjin Paint has developed more than 30 special brands of paint, 15 of which have already entered into regular production. The Tianjin Metallurgical Bureau has produced more than 6,000 tons of steel products especially for the light and textile

industry, and these materials have all definitely entered into the production tasks.

The concerned department of Tianjin city has restored order with respect to the problems in the direction of industrial development. It has straightened out the past situation, whereby light and textile industries were developing slower than heavy industries. Light and textile industry production in the third quarter of this year increased 20 percent more than during the same period last year, surpassing the 9.4-percent increase achieved by heavy industry. Light and textile industry production continued to increase in October. It was nearly 30 percent more than during the same period last year.

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BRIEFS

ANHUI TRAINED MANPOWER MEETING--The preparatory committee for the Natural Dialectics Research Society under the Anhui Provincial Scientific and Technical Association held a discussion meeting recently in Hefei on the question of training, discovering and using talented people. More than 40 people attended the meeting. They represented the University of Science and Technology, Hefei Industrial University, Anhui University, Anhui Medical College, Anhui College of Chinese Traditional Medicine, Anhui Teachers College, the party school of the provincial party committee, the organization department of the provincial party committee, the cultural and educational department of the provincial party committee, the provincial higher education bureau, the provincial CYL committee, the provincial women's federation and other units. They summed up experiences and lessons in discovering, treasuring, training and using talented people and made proposals with regard to future work. [OW181455 Hefei Anhui Provincial Service in Mandarin 1100 GMT 16 Jan 80 OW]

HUNAN READJUSTMENT SUCCESSES--According to statistics, the province has scored successes in readjustment. Since the beginning of 1979, 283 enterprises of 6.4 percent of the total number of Hunan enterprises have been readjusted. These enterprises have taken the road of new development after readjustment. In 1979, the province started to set up companies and factories according to the coordination principle between specialized departments, and currently there are 79 such companies and factories of which 10 have already put into practice unified management of manpower, capital and assets. The province has also developed in a big way the production of 859 products in short supply according to the demands of the market and the people. [HK171348 Changsha Hunan Provincial Service in Mandarin 2315 GMT 10 Jan 80 HK]

ECONOMIC MANAGEMENT CADRES--Beijing, 22 Jan: Over 460,000 economic management cadres were trained at various seminars, rotational training classes and technical study classes last year. Of these, 43,000 were leading cadres of enterprises run by counties or higher authorities. The State Economic Commission and the All-China Federation of Trade Unions jointly sponsored 4 seminars for 475 leading cadres of economic committees and trade union federations of various provinces, municipalities and autonomous regions, as well as the various industrial and communications departments under the State Council. These seminars will continue this year. The State Economic Commission last year mapped out plans for training economic management cadres in 1980 and 1981, and these plans are being carried out throughout the country. [Beijing Xinhua Domestic Service in Chinese 1214 GMT 22 Jan 80 OW]

GENERAL ECONOMIC INFORMATION

SICHUAN'S CHONGQING CITY PROVIDES JOBS FOR DEAF, BLIND

OW240830 Beijing XINHUA in English 0710 GMT 24 Jan 80 OW

[Text] Chengdu, 24 Jan (XINHUA)--Eighty-three per cent of the able-bodied deaf-mutes and blind persons in Chongqing City, in southwest China's Sichuan Province, have been employed, according to the spokesman of the city's Blind, Deaf and Mute Association.

Most of these handicapped people are now working in 7 massage clinics and in 13 factories at the city or district levels run with the social welfare funds. Some are working in other enterprises and institutions. They enjoy the same pay and material benefits as the other workers doing the same kind of jobs.

To help these deaf-mutes and blind persons master skills as quickly as possible, many factories have appointed experienced workers to apprentice them or sent them to other factories for a short period of training. Some factories even invited retired workers as their technical directors. Over the past four years, four one-year-term massage courses for the blind have been held, training more than 60 masseurs.

Shan Fuyuan, a deaf-mute worker at the city's Administration of Telecommunications, has over the past 30 years made more than 30 technical innovations, saving ten thousand yuan for the state. Last year, a new transmission centre equipped with the up-to-date facilities was built based on his design, which won high praise from the Ministry of Posts and Telecommunications. He has now been promoted to be a telegram machinist.

The city's two schools for the blind and deaf-mute children have an enrollment of more than 330. So far more than 700 students have graduated from these schools.

CSO: 4020

GENERAL ECONOMIC INFORMATION

PRODUCING MORE GOODS FOR TOURISTS URGED

Shanghai JIEFANG RIBAO in Chinese 13 Oct 79 p 4

[Article by Tao Yongkuan [7118 3057 1401] and Cao Xueshun [2580 1331 5293] of the Departmental Economics Institute of the Shanghai Sociological Science Academy: "Let Tourists Have the Chance To Buy More Commercial Products They Like"]

[Text] Along with the development of our nation's tourism, the number of tourists from all over the world is increasing daily. In their travels, they live in hotels, eat and drink, rest, entertain themselves, visit tourist attractions and famous ruins, and they like to buy souvenirs for themselves or as gifts. The experiences of countries and regions where tourism is developed show income from the sale of such commercial products constitutes over 50 percent of the total income from tourism. Therefore, to do the work in supplying commercial products for tourists well is very important. In this regard, there are many problems worth our study.

Commercial products for tourists must be suitable.

Our nation has a long history and an ancient culture, superior tradition of art, and many commercial products that are attractive and famous throughout the world. For example, highly skilled handicraft items, unique calligraphy and paintings, the classical writing instruments, world famous silks and satins and embroidery, cultural artifacts that reflect ancient culture and artistic history, uniquely famous Chinese herbs and medicines, fine souvenirs and daily commodities that reflect the color and flavor of the locality, precious and rare flowers and potted landscape and miniature trees and local handicraft items, etc. Their potential for production is great. If the production of commercial products for tourists can be organized well, if the shortage of supplies can be corrected, if the monotony of varieties can be changed so that the supply of products can suit the market and the tourists can have more opportunities to buy the commercial products, we believe the following three problems must be solved:

1. The tourism department must have a specialized information agency.

The market for commercial products for tourists is not the same as the market for ordinary commercial products in our nation. Clients are tourists from all over the world. When we draw up production plans and sales plans, the likes and the needs of tourists must be clearly understood.

According to understanding, the Hong Kong tourism industry frequently analyzes the characteristics and the likes of tourists conscientiously. The industry takes the initiative in supplying information to the production and the sales departments. The content is thorough and statistical data is very complete. At present, work in this regard has not aroused the attention it should have. The main reason is the tourism department takes care of only the living quarters, food and beverages, entertainment and tours for tourists. The commerce departments mainly rely on past sales records and the number of tourists who will arrive in Shanghai supplied by the tourist departments to draw up sales plans. A systematic analysis and study of the characteristics, likes and purchasing power of tourists are lacking. Does this not create a situation in which all commercial products for tourists are monotonous and the products do not suit the needs of the market?

Therefore, it is necessary that the tourism department establish a specialized information agency. It must supply in time all information regarding the number of tourists coming to Shanghai, the countries of origin, social classes of tourists, purpose of their trip, characteristics and likes, purchasing power and composition of expenditure, etc., to the production and supply departments of commercial products for tourists. Only by constantly and ceaselessly compiling information, performing statistical calculations, analyzing and forecasting can the production and sales plans become better suited to the actual needs of the market for commercial products for tourists.

2. The tourism department must set up a specialized company to supply commercial products for tourists.

Commercial products for tourists are made especially for foreign travelers to buy. Who should be the most logical and most advantageous candidate to manage and administer these products? The present situation is that many departments manage commercial products for tourists simultaneously. They include the commerce departments, the industrial departments, and other departments. Because there is no unified management agency, many conflicts emerge between industry and commerce, between one commerce department and another commerce department, and even between the tourists and our socialist commerce when each department manages the same commercial product.

We believe that the tourism department must actively create the situation to establish a specialized company to supply commercial products for tourists. In this way, these shortcomings can be avoided. The specialized company can start by supplying handicraft items, souvenirs and some small commercial

products of both practical value and which reflect local flavor. This is because these commercial items are more varied and colorful and their market demands change more than antiques and books. If the tourism department establishes a specialized company, then the supply of these commercial products can be centrally planned and managed and the company can participate in production and guide production. For example, this can all be done by studying the changes and trends of the market for commercial products for tourists in foreign countries, by gathering commercial information of foreign countries, by introducing foreign samples and organizing exhibits for production units to study and learn, by contracting with production units, by uniting the plans with the market well, and by gradually forming a base for specialized production of commercial products for tourists.

3. More avenues must be opened up to organize and expand production of commercial products for tourists.

The market for commercial products for tourists and the market for ordinary commercial products in our nation do have common points. It is that commercial products on the market must suit the buyer's particularities, likes and needs. There must be many varieties and the quality must be good. But at present the factories that produce commercial products for tourists are also the factories that produce commercial export products. Since they engage in mass production, commercial products for tourists which have a heavy local flavor and whose market demands frequently change are necessarily neglected.

Therefore, the tourism departments must open up more avenues and use many different methods to organize and expand the production of commercial products for tourists. Those handicraft items and souvenirs which reflect the local flavor of tourist attractions can be produced by state owned factories as "fixed production" arranged by the tourism department, just like the Shanghai Handicraft and Artifacts Company which has a special shop in the Changjiang Carving Plant and special production units in the Shanghai Metal Works Plants No 2 and No 3 to produce commercial products for tourists. Some handicraft items which have local flavor, such as embroidery and knitting, etc, and some exquisite and unique daily commodities such as handbags, bamboo baskets, leather wear, etc, can be produced as "special items" for tourists by commune brigades, street side enterprises and handicraft production cooperatives selectively organized by the tourism departments. Popular handicraft items and artifacts that reflect national flavor and which are exquisitely made and which require dexterity and skill, such as wood carvings, ivory carvings, flowery lamp shades, palace lanterns, revolving lanterns, traditional artifacts—miniature cats, dogs, chickens and birds, etc—can be produced by artisans and amateur creators organized by the tourism departments so that they can appropriately develop their family handicraft business "by supplying them with raw materials and having them process and finish the raw material into products" for tourists. This not only mobilizes the activeness in production of various sectors but also

many of our nation's traditional folk arts can be inherited and propagated so that they will not be lost while new products and varieties can be test produced in a versatile manner and new forms can be produced to suit the many changing needs of the market as well as expand employment opportunities.

In addition, new production areas must be opened up. For example, the Shanghai Longhai Nursery is an attractive spot for tourists. If a tea room decorated nicely with colorful flowers and potted landscape is built nearby and if advertising is done for the nursery, if the quality and quantity of the flowers of the nursery can be guaranteed and if the nursery takes responsibility for delivery, then it will surely enrich the traveling life of the tourists and increase earnings from tourism. The income can thus be used to develop gardening.

Learn To Do Business Well and Lively

To expand sales of commercial products for tourists, and to allow tourists to come and leave in a happy mood, we believe the following problems must be managed well to learn to do business well and to do business in a lively fashion.

1. Chainstores must be conveniently and reasonably distributed, be attractive to tourists, be unique and they must not be copies of each other.

According to understanding, establishment of chainstores in Hong Kong is coordinated with the tourism industry. Some trading companies and large department stores in Hong Kong and production units set up shop in tourist areas and operate small shops in hotels and restaurants or place goods for sale by commission or through exhibition. Many shops specialize in the tourist trade. There are even shops that only do business with Japanese tourists, European and American tourists. These experiences can be taken as lessons to be learned.

The present network of chain stores we have consists of only one comprehensive store, a few specialized stores, and some small sales counters at several hotels, major tourist attractions, several places where visitors are frequent, the airport and harbor because the tourism department does not care about the supply of commercial products for tourists. With such a small network of chain stores, the need for convenience of the tourists is far from satisfied. The Shanghai Friendship Store has already set up make-shift counters along major tourist passages to display and sell its products and to understand the situation for increasing such supply points step by step. This experience is worth summarizing and popularizing. A network of chain stores must be set up widely for the convenience of tourists to make purchases.

In setting up the network of chain stores, it is still premature at present to establish stores specifically for Japanese or European and American tourists. But an alliance of the comprehensive store and the specialty stores, an alliance of the large, medium and small stores, giving each store

its own unique characteristic so that it will be attractive can be done. The problem is that right now there is no unified administrative agency, no special studies have been made of this problem, therefore many stores lack unique characteristics and their own character. Even many small sales counters have become almost like a small scale general store. Because the commercial products are all the same, many tourists go to one sales counter and have no more interest to go to another sales counter. This necessarily affects the sale of commercial products for tourists.

Therefore, in the number and composition of the network of chain stores, the tourism department must make unified arrangement. The principle of setting up the network must be convenience for the tourists to make purchases. Places where tourists have to pass or have to go to should be selected and the stores should be combined with places of rest as much as possible. Each store should have its own characteristic and character. Window displays must be artfully decorated, must be attractive and must avoid repetition. In this way, the sale of commercial products for tourists can be expanded.

2. Attitude of the sales personnel must be sincere and warm.

Under the prerequisite of having many varieties of and good quality commercial products for tourists, workers in the tourism industry must be good at guiding the tourists and recommending products but must avoid commercialized vulgar tendencies. Some kinds of commercial products that are traditional or have local flavor can be considered and small booklets and pictures that are well printed and that contain both pictures and text can be printed as buyer's guides to tell tourists which characteristic commercial products can be found in Shanghai and which local specialty products and handicraft items can be found and where they can be purchased.

The tourist guides must constantly elevate their own cultural level and expand their own knowledge. For example, in introducing a certain commercial item, it is best to combine our nation's history and local traditions and subtly recommend the commercial products. For example, an American saw a piece of art work in the shape of a carp in an art laboratory, showed some interest but did not seem to want to buy it. The tourist guide then said: "The carp in China is a kind of symbol of good fortune. 'The carp jumps over the dragon gate' are words encouraging people to battle and overcome difficulties and to establish a belief in winning." This foreign guest heard this and thought it was very interesting and happily bought the piece.

The attitude of sales clerks must be good. Service attitude reflects a nation's cultural level and degree of civilization as a sensitive weather meter. Necessary manners not only represents the sales clerk himself but also represents the nation. Guests must be received in a civilized manner and served with sincerity and enthusiasm. When the tourist is buying commercial products, the clerk must "not mind being asked a hundred times and must not be annoyed by taking and showing merchandise a hundred times." The quality of the products must be high, and the products must be properly packaged.

"Naked" products cannot be sold. For example, a Japanese friend bought a very good necklace and asked for a suitable box to put the necklace in so he could give it as a gift to a friend. But this shop did not have an appropriate box and brought out an ordinary paper box. The Japanese friend was displeased. The sales clerk must also have a sincere and enthusiastic spirit of service and be responsible. Tourists who buy commercial products often find it inconvenient to carry the purchases. Therefore shipping should be the responsibility of the seller and be immediately arranged to assure that after the tourists arrive back home they will receive their purchases. In general, our tourist shops should consider this kind of service in detail to make necessary arrangements beforehand. In this way, the understanding and friendship towards the Chinese people and the sale of commercial products can both be expanded.

3. Prices of commercial products for tourists must be reasonable.

The foreign market and the domestic market are different. In the foreign market, prices of commercial goods are often fluctuating, while prices of commercial goods in the domestic market are basically stable. Tourists all come from abroad. They will of course compare the price of the product to the prices of similar products on the foreign market. Therefore, we must not be totally ignorant about prices in foreign markets. When we supply commercial products to tourists, we are doing business with foreigners. The difference in the market is not abroad but inside our nation. Therefore, the market prices of similar products abroad must be accurately and timely grasped so that the prices will follow those of the market. In this regard, we are incidentally most vulnerable. For example, the various kinds of fans of traditional flavor are popular and have always had many buyers. But beginning from last year, there were very few buyers. It was understood later that our fans have been copied and duplicated abroad at a very low price and tourists do not buy ours any more. Again for example, such precious medicinal material as jinseng and pilose antler were sought after fiercely by tourists for a while and large purchases were made because our prices were extremely lower than the market prices abroad and many nations suffered losses. Those products which are not comparable to products abroad and which are our nation's artistic products and antiques or artifacts must also be priced according to the market trends so that the buyers will be happy and the sale and purchase prices will be fair.

In general, doing well the work in supplying commercial products for tourists involves many departments, requires close cooperation from all sides, especially, the departments of aviation, railroad, transportation, commerce, light industry and textile industry, handicraft industry, gardening industry, antiques industry and publications must cooperate even more closely. Let us all take care of this business, support this business, do the work of supplying commercial products for tourists well, do it lively, do it in a big way, and make active contributions to the great development of our nation's tourism business.

9296

CSO: 4006

GENERAL ECONOMIC INFORMATION

'RENMIN RIBAO' CONCERN PUTS BREWERY ON RIGHT TRACK

OW251025 Hong Kong AFP in English 0945 GMT 25 Jan 80 OW

[Text] Beijing, Jan, (AFP)--"When the beer bubbles, the masses forget their troubles...."

This little jingle, almost like an advert, was used by the PEOPLE'S DAILY today to welcome the return to the right track of a Chinese brewery that had been sharply criticized last year.

The people in charge of the Nanchang Brewery in Central China were aware of the dreadful quality of their beer, which was totally flat. But they disregarded this, telling themselves that they would never be short of customers since the beer was in great demand. Angry consumers tipped off the party newspaper which found in January 1979 that more than 80 percent of the beer produced by the brewery was undrinkable.

The article in the PEOPLE'S DAILY caused a major stir in the enterprise and the management was blamed for "seeking profits without taking quality into account." Since the beer had started to bubble again in Nanchang, "the masses have been satisfied," the paper said.

Observers recalled that the official press had on several occasions taken the side of Chinese consumers in this kind of case.

CS0: 4020

GENERAL ECONOMIC INFORMATION

BRIEFS

NANJING PARKS--Nanjing, 17 Jan--Twenty parks are now open to the public in Nanjing, some of them having undergone repairs in 1979. Nanjing, on several occasions capital of China during its long history, has many places of historical interest and scenic beauty. However, only five parks were open to the public before liberation in 1949. Since then the government has made efforts to renew the old and to build new parks, bringing the number to 16 in 1965, the year before the Cultural Revolution. The Zhianyuan, famous for its rockery, and said to be a 600-year-old private garden of Prince Hsu Da in the Ming dynasty, has been opened to the public after repairs. Also restored to its original beauty is the famous Xiuqiu Park to the north of the city, which was badly damaged during the Cultural Revolution. Now 11 small bridges in traditional style have been constructed and some teahouses and pavilions added. New parks are under construction at present in Zhonghuamen, Caochangmen, Andemen, Dachangzhen and other places. [OW171423 Beijing XINHUA in English 1231 GMT 17 Jan 80 OW]

XIZANG POSTAL DELIVERY--Beijing, 20 Jan--On 18 January two trucks loaded with publications and mail arrived from Lhasa in Shiquanhe [3740 3123 3109] township, Ngari Prefecture, marking the opening of direct postal links between Lhasa and Ngari Prefecture. In the past publications and mail for Ngari Prefecture were routed by way of Gansu Province and Xinjiang's Yecheng County, covering a total distance of several tens of thousands of li. Sometimes people in the prefecture were without mail and publications for 3 to 4 months when the route was blocked by snow. With the new 1,470-km-long motor road, the prefecture can now get its mail and publications from Lhasa in 8 or 9 days. [Beijing XINHUA Domestic Service in Chinese 0119 GMT 20 Jan 80 OW]

SHANGHAI WORKERS DISCIPLINE--Authorities concerned in Shanghai have decided to take punitive actions and economic sanctions against a number of workers directly involved in a serious accident due to a construction defect in a workers' dormitory building on 14 January. Worker (Li) was sentenced to 3-year reeducation through labor for seriously violating operational procedures during the construction.

Workers (Shen) and (Chen) were sentenced to 1 year of forced labor for violating labor discipline. [OW231101 Shanghai City Service in Mandarin 2300 GMT 20 Jan 80 OW]

ZHEJIANG PERSONNEL WORK MEETING--A Zhejiang provincial meeting of directors and chiefs of personnel bureaus and sections was held in Hangzhou recently. The meeting studied how personnel departments can better meet the needs of the developing national economy and discussed basic tasks of personnel departments in the new period. Zhang Jingtang, deputy secretary of the provincial party committee, spoke. The meeting stressed the tasks of finding, selecting, training and managing professional and technical personnel and of finding jobs for army men transferred to civilian work. [OW231101 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 21 Jan 80 OW]

NEW ENTERPRISES--Many new enterprises have been put into operation on the eve of the new year. Shizhuang coal mine in Pei County, Jiangsu Province, began production on 19 December; its designed annual capacity is 900,000 dun. Construction of the Sanhejian coal mine, in the same county, began in mid-December with a designed annual capacity of 1.8 million dun. Construction of a diversion tunnel for the Longyangxia hydroelectric power station was completed on 19 December. Located in an area on the upper reaches of the Yellow River, the tunnel, measuring 661 meters long, 16 meters high and 15 meters wide, is the largest of its kind in China. The Kanjiakou reservoir in Qianxi County, Hebei Province, with an annual capacity of 2.9 billion cubic meters, closed its gates to store water on 19 December, 1 year ahead of schedule. Shanghai harbor loaded and unloaded 80 million dun of cargo on 19 December, fulfilling its 1979 transport work 11 days ahead of time. This is 20 million dun more than the previous record. [Beijing Domestic Service in Mandarin 2230 GMT 20 Dec 79 OW]

GUIZHOU SUPPLY, MARKETING COOPERATIVES--Beijing, 14 Jan--A supply and marketing cooperative in a district inhabited by the Miao people in Guizhou Province, has been commended as an advanced commercial unit because of good service to the local people over the last two decades and more. The co-op in Jiajiu District of the Qiandongnan Miao and Dong Autonomous Prefecture has only 42 employees, but supplies five people's communes which have a population of 18,500. They provide farm implements, all necessary consumer goods as well as purchase farm and sideline products. For the convenience of its customers, the co-op has opened up sales centres in the bigger villages and also runs a small hotel and a restaurant. The cooperative is in a secluded mountain area 1,490 meters above sea level. [OW151313 Beijing XINHUA in English 1206 GMT 14 Jan 80 OW]

CSO: 4006

FINANCE AND BANKING

BRIEFS

BANK OF CHINA--Beijing, 1 Jan--The People's Bank of China will extend short- and medium-term loans to the light and textile industries in 1980. According to the bank, the loans are designed to boost the productive capacity of light and textile industrial products badly needed by the people. This decision was reached at a recent meeting of the Finance and Economic Commission of the State Council. Terms of the loans will be for 1 to 2 years and will not exceed 3 years. [OW090320 Beijing Xinhua Domestic Service in Chinese 0105 GMT 1 Jan 80 OW]

GANSU INCOME TAX EXEMPTION--In line with the spirit of circular issued by the ministries of civic affairs and finance in record to exempting from industrial and commercial income taxation in old revolutionary bases, the Gansu provincial people's government recently made a resolution to exempt from 5-year (1979-1983) industrial and commercial income taxation plan those enterprises run by 80 communes and by the 929 brigades and production teams in Heshui, Huachi, Huan, Zhenyuan, Ning, Zhengning and Qingyang counties. This resolution represents the kind attention paid by the party and government to the people of old revolutionary bases and would play a role in assisting development of enterprises run by communes and brigades, in strengthening collective economy, and in improving the people's daily life in these areas. [SK210900 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 18 Jan 80 SK]

CSO: 4006

FUELS AND POWER

NANYANG OIL FIELD RAPIDLY COMPLETED

Beijing GONGREN RIBAO in Chinese, 25 Sept 79, p 1

[Article by reporter Peng Qiyan [1756 0796 3508]]

[Text] On the eve of the 30th Anniversary of the founding of the nation, good news has been reported on the petroleum industry front: Our nation's first oil field in the central region--Nanyang oil field--has been rapidly and victoriously completed and joined in production after only 1 year and 5 months. This is another new and important oil field following the Pengqiu [0117 8002] oil field in northern China. Its completion and joining in production has important strategic significance in improving the distribution of the petroleum industry.

The Nanyang oil field is situated within the counties of Nanyang, Xinye, Tanghe, Biyang and Tongbo in Henan Province, between the two trunk lines of the Jiaozuo-Zhijing Railroad and Beijing-Guangdong Railroad. The oil deposits are rich. At the richest places, the amount of oil deposits per square kilometer surpasses 6 million tons. Shuanghe township's oil well Bi No 28 well test produces 1,000 tons of good quality crude oil a day. Crude oil of the Weigang oil well has a high content of wax and is an important raw material for national defense and chemical industries. This kind of crude oil is rarely seen in oil fields already developed in our nation and abroad at present. The Nanyang oil field belongs to the Nanyang and Biyang sedimentary basin geologically known as the Nanyang-Biyang depression covering only 4,600 square kilometers. It is a small land depression. The staff and workers of Nanyang oil field broke the superstition, liberated their thinking and freed themselves from the belief that small land depressions do not have oil deposits. Since 1972 when official exploration began, new oil fields have been discovered each year, especially in the Biyang depression of only 1,000 square kilometers an oil field with a deposit of nearly 100 million tons of oil at Shuanghe township was discovered. It was a breakthrough in oil exploration in small areas of depression and has opened up new frontiers of exploration for the nation's petroleum industry.

Development of the Nanyang oil field began on May 1, 1977. Within 1 month, 48 basic level units of construction, over 15,000 staff members and workers,

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nearly 20,000 tons of equipment and material were safely sent to the construction site. The 32,775 well drilling team praised by the Ministry of Petroleum as "the iron man well drilling team" was drilling at a place over 500 kilometers away at the time. When the team received its orders, it immediately packed its equipment and rushed to Nanyang. After arriving at the work site, the team began drilling after 39 hours. In the first month, six new production records were created. Since the work schedule was tight and the time was tight, many staff members and workers slept in the open and ate in the wind. They did not express bitterness or tiredness. Staff and workers who laid the long oil transport pipelines worked continuously for over 10 hours without rest welding the oil pipes together to assure that the mission of laying the pipeline is completed in time. Under the massive support of the local units and other oil fields throughout the nation, the construction work followed a policy of concentrating all forces to complete all tasks. Four work teams were organized at once and the daily yield of crude oil jumped continuously by threefold. In October, 1978, only 1 year and 5 months after the field became operative, the development and construction of the oil field was completed in quality and in quantity.

Staff members and workers of the Nanyang oil field conscientiously studied the Taqing oil field and insisted on injecting water into the ground early to retain the principle of regular development of the energy of the oil field and assure a high and stable yield from the oil field. In October of last year and in February of this year, water was injected into the ground two times in a massive fashion. They took the work of injecting water into the ground as the central task of the entire oil field and concentrated all superior forces to carry out the work thoroughly. To be able to inject large amounts of water, they first injected water into the key wells and alternate injection wells in major areas where the deposits are large, connections are good, intensity of oil extraction is high, and pressure drops rapidly so that by injecting water in one well the results can be seen in other wells also. Because of the great determination in carrying out some strategic measures in injecting water in the Nanyang oil field, and because of substantive work, the yield was basically stabilized in 3 months after the oil field began overall production in October of last year, and high and stable yields were realized in 9 months. Since the beginning of this year, each production task has been overfulfilled. The oil field has become another model of high and stable yields following the high and stable yielding oil fields of Taqing and Renqiu. Not long ago, the Ministry of Petroleum Industry held a meeting at the Nanyang oil field to exchange experiences in developing oil fields, increasing production and conservation and to propagate their experiences in the regular development of the oil field and realization of high and stable yields.

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CSO: 4006

FUELS AND POWER

LIAONING INCREASES OIL REFINING CAPABILITY BY MODERNIZING

OW230258 Beijing XINHUA in English 0231 GMT 23 Dec 79 OW

[Text] Shenyang, 23 Dec (XINHUA)--By modernizing old equipment, the six large oil refineries in Liaoning Province have raised their combined annual capacity from 10 million tons in 1970 to 23 million tons this year.

The experience of these establishments in renovating without asking for new state capital investment was discussed with intense interest at a recent meeting called by the provincial chemical industrial bureau to review its work of 1979.

Delegates attending the meeting agreed that the methods used by these refineries to retool can be adopted by other factories that now have old equipment.

The No. 5 oil refinery built at Jinxi in the 1930's has renovated its urea dewaxing plant. On the basis of new models at home and abroad, the process has been simplified with a 50 percent increase in capacity. The cost of renovation did not exceed the amount planned for a major overhaul of the equipment.

In 1970, the No. 2 oil refinery at Fushun began to modernize its 13 plants. To date its refining capacity has been tripled.

In all, 80 big plants in the six refineries have been rebuilt or renovated. The cost was only one third what would have been required to build new refineries.

Some 130 oil products are now turned out as against 40 in the past.

New programmes for further modernization of these refineries are being worked out by a group of engineers, designers and scientists in Liaoning Province.

CSO: 4020

FUELS AND POWER

SHANGHAI'S METALLURGICAL INDUSTRY CONSERVES ENERGY

Shanghai JIEFANG RIBAO in Chinese 5 Nov 79 p 1

[Article: "The Municipal Metallurgical Bureau Makes Remarkable Achievements in Production Increase and Economy"]

[Text] After yielding large amounts of fuel oil and power to the light and textile industries, the metallurgical system of the city relied on the masses, tried every means to save energy, and made remarkable achievements in production increase and energy economy. According to statistics, from January to September, in comparison with the same period last year, the total industrial output value increased 8.3 percent, the profit increased 21 percent, and over 6,500 tons of coal, over 5,800 tons of coke, over 60,000 tons of fuel oil and 113 million kilowatt-hour of power were saved. The coke which was saved could refine 320,000 tons of steel; the fuel oil which was saved could roll 900,000 tons of steel material; the power which was saved could refine over 70,000 tons of high-quality steel.

This year, to implement the policy on readjusting the national economy, the city asked the metallurgical system to yield power and reduce oil consumption in support of the production development of light, handicraft and textile industries. From the second quarter on, especially, the supply of oil was reduced by 110,000 tons and that of electric power by 110,000 kilowatt from what the plans called for, while the profit to be turned over to the state was increased on a large scale. In face of the situation, the broad staff and workers in the metallurgical system resolved to produce the full quota of steel material, turn over every penny of the required profit to the state and make more and better products with the minimum energy consumption in support of the modernization construction. They launched energy conservation activities in many ways.

First, they sought to increase the output while saving energy and tap the potentials while reducing the unit consumption. From the bureau to the plants and workshops in the metallurgical system, they created energy conservation leadership groups under the bureau and plant chiefs. They began with strengthening the management work, reinstated and made sound the special energy conservation structures and changed the conditions of "eating large pot rice," "electricity carelessness" and "oil carelessness." At the same time, they reorganized and created quota management and introduced fixed supply by selecting the superior and by certificate, so that the savings were credited to the plant and excess consumption was not made up. Such units as the Shanggang Third Plant assigned oil consumption quotas to each and every team and group and post, like grain rationing, with fixed amounts of rice for the three meals a day, calculating the quantity for every furnace, making computations for every group and publishing the daily results. By so doing, the average unit consumption of the major oil consuming workshops decreased by 18 percent. Currently, more than 90 percent of the energy in the entire system is supplied in fixed quantities according to certificate, promoting the energy conservation work.

For the continuous reduction of energy consumption, the leaders of all levels of the metallurgical system pay serious attention to the introduction of new technology and new materials. The Shanggang Fifth Plant wrapped water cooling pipes in the heating furnace with plastic, saving 15 percent or more of the oil consumption. The method was promptly introduced to the entire system. In addition, they also spread such new techniques and materials as the yuanghong [6678 4767] external heating furnace, refractory fiber for furnace lining, etc., gradually reducing the unit consumption of energy of the entire system.

They adopted economic measures to strengthen the management of energy conservation. On the foundation of many surveys and experimental units and in accordance with the different conditions, they provided the lower levels with economy encouragement quotas, giving bonuses according to the amount of saving to those consuming energy below quota. While the money for the bonuses is not much, the interests of the state, the enterprise and the individual are closely linked, further raising the fervor of the cadres and masses in energy conservation. Formerly a well-known "electrical tiger," the Shanghai Iron Alloy Plant changed the plant and workshop two-level accounting system to the plant, workshop and section three-level accounting system, introduced economy bonuses, closely combined the bonus system with energy conservation, and greatly reduced the unit consumption of electricity. The unit consumption of 7 of the 13 products of the plant won first place in the nation, and the No 303 silicon iron electrical furnace created an international advanced level in energy conservation.

6080

CSO: 4006

FUELS AND POWER

SHANGHAI CONSERVES 600,000 TONS OF COAL

Shanghai JIEFANG RIBAO in Chinese 13 Oct 79 p 1

[Text] This reporter has learned from the city's fuel company that between January and September of this year, the entire city has conserved 600,000 tons of coal, surpassing the year's target for conservation of coal and realizing increasing production without increasing the use of coal. Increasing production and conserving coal have been achieved.

Since the beginning of this year, consumption of fuel has been reduced and large amounts of coal have been conserved as a result of the implementation of a substantive movement to increase production and conserve energy with superior quality, high productivity, many varieties, low consumption as the central emphasis, the united efforts and cooperation of the broad masses of staff and workers to strengthen management of fuel consumption quotas, implementation of fuel consumption quotas in the shifts and groups and furnace operations, and competitions launched on a wide scale among boiler rooms to conserve energy. According to statistics, the comparison of various production and conservation figures for the period from January to September of this year and for the same period last year shows that the entire city's gross industrial productivity increased by 7.7 percent, total supply of industrial fuel dropped by 4 percent, and consumption of coal for every 100 million yuan of production value dropped by 10.6 percent. Now, each unit is continuing to grasp conservation work to provide more supplies of energy resources for the fourth quarter.

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CSO: 4006

FUELS AND POWER

BRIEFS

FUJIAN COASTAL CONSTRUCTION--Fuzhou, 23 Jan--Since 1978 the Fujian provincial party committee has allocated funds and materials for the construction of a number of water and power supply projects in coastal fishing villages and offshore islands. These include 9 small reservoirs, 30 tap water supply stations, 1,100 water wells of varying sizes, 1,200 methane-generating pits, 62 thermal power plants, 2 small hydropower plants and 270 kilometers of high-tension lines. Over 830,000 fishermen in Fujian's coastal fishing villages and on offshore islands have been greatly benefited by these projects. [OW240329 Beijing XINHUA Domestic Service in Chinese 0216 GMT 23 Jan 80 OW]

BEIJING DAM PROJECT--Beijing, 21 Dec--A multi-purpose dam project, including a reservoir and a 450,000-kilowatt hydro-electric power station which will supply water to nearby areas and electricity for the Beijing-Tianjin-Tangshan power grid, began to retain water yesterday, 1 year ahead of schedule. The reservoir at Panjiakou on the upper reaches of the Luanhe River, with a designed storage capacity of 2,900 million cubic metres, will begin to supply water to Tangshan and nearby rural areas next year and will later send supplies to Tianjin. The hydro-electric power station now under construction will be linked with the north China power grid to meet the growing needs of industry and agriculture in Beijing, Tianjin, Tangshan and nearby areas. Construction is being undertaken by a construction corps of the Chinese People's Liberation Army. The lower part of the dam, which will be 107.5 metres high and 1,040 metres long, has been completed and sluice gates have been installed. [Beijing XINHUA in English 1235 GMT 21 Dec 79 OW]

NEW GENERATING UNITS--Beijing, 30 Dec--New power generating units have gone into operation in China. A 125,000-kilowatt steam turbo-generating unit with water-cooled stators and rotors, the fourth, was recently added at the Xuzhou power plant in east China's Jiangsu Province. Its total capacity is now 500,000 kilowatts. This means 130 percent more electricity for the Xuzhou area. The Hunjiang power plant in northeast China's Jilin Province has another turbo-generating unit with a capacity of 100,000 kilowatts. Construction of the plant,

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which has a designed capacity of 250,000 kilowatts, has been finished. The first generating unit at the Shiliquan power plant in the Yanzhou coal mining area in east China's Shandong Province was put into operation recently. It has a capacity of 125,000 kilowatts. The plant, which is under construction, will have a designed capacity of 500,000 kilowatts. It will be fueled by coal middlings and gangues, by-products of a nearby coal dressing plant. [Text] [Beijing XINHUA in English 0153 GMT 30 Dec 79 OW]

ZHEJIANG POWER PROJECTS--In 1979, Zhejiang Province built two new large- and medium-sized thermal and hydroelectric generating projects and 17 small-sized hydroelectric projects, totaling 297,000 kw. The province also completed 153 kms of over 110,000-volt transmission line projects and 192 kms of over 35,000-volt transmission line projects and increased transforming capacity by a total of over 130,000 kva. [OW132221 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 11 Jan 80 OW]

JIANGXI HYDROELECTRICITY STATION--Small hydroelectricity stations have been vigorously developed in Jiangxi. Currently, there are 5,815 hydroelectricity power stations located in hilly districts and rural areas throughout the province, with total installed capacity of 358,000 kilowatts. They generate 70 million kwh a year. All communes now use electricity. The development of small hydroelectricity power stations has effectively speeded up socialist modernization in the rural areas, promoted industries and commune and brigade enterprises, enlarged the collective economy and increased the income of peasants. [HK171326 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 6 Jan 80 HK]

ZHEJIANG RURAL HYDROELECTRICITY--In 1979, the installed capacity of small hydroelectric power stations in rural areas of Zhejiang Province increased by 75,000 kilowatts. Now the total installed capacity of small hydroelectric power stations in the province exceeds 427,000 kilowatts. More small hydroelectric power stations are under construction. [OW081413 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 1 Jan 80 OW]

QUANGDONG POWER GENERATION--Quangzhou, January 26--Quangdong Province in the past two years has built 32 power projects with a total generating capacity of 33,000 kilowatts using exhaust heat. The industrial enterprises in the locality discharge much exhaust heat in the course of production. If all the waste heat is utilized, an equivalent of one million tons of coal may be saved each year. According to statistics, the nitrogenous fertilizer plant of Enping County installed a generating unit with a capacity of 1,500 kilowatts last year which supplies adequate power for production. The monthly output of synthetic ammonia increased by 25 percent. [Text] [OW270258 Beijing XINHUA in English 0172 GMT 26 Jan 80 OW]

JIANGXI COAL--The coal mines in the localities of Jiangxi have over fulfilled the state's plans for the year by 20,000 tons 27 days ahead of schedule. The output of coal increased by 8.3 percent over the original plan. In 1979, the coal mining enterprises throughout Jiangxi relentlessly grasped production management from January to November, labor efficiency increased by 3.41 percent over the corresponding period of 1978. In September 1979, the coal mines investigated safety in the mines and improved the production environment and safety conditions, greatly reducing serious accidents. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 29 Dec 79 HK]

POWER TRANSFORMER STATION--A 20,000-kw power transformer station is under construction at Shaanba Township in Hang-jin Hou Banner. It has a 110,000-voltage transmission line of 103 kilometers. Upon completion, it will transmit electric power from (Wulanshan) power plant to vast areas on the Huanghe River corridor plains. It is sure to play a great role in speeding up the building of a grain base on these plains. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 10 Dec 79 SK]

CSO: 4006

MINERAL RESOURCES

BRIEFS

SILVER, MOLYBDENUM, LEAD-ZINC MINES--Beijing, 12 Jan--A silver mine with a verified reserve of 250 tons has been discovered in the Miyun mountainous area on the northeastern outskirts of Beijing. The mine contains deposits of lead and zinc, each of around 20,000 tons, as well as the rare elements cadmium and bismuth. Sixty-five big and small molybdenum ore veins have been found not far from an old molybdenum mine in northeast China's Liaoning Province. The vein thickness of the five vein groups that have been exposed ranges from 10 to 100 metres; ore bed thickness ranges from four to six metres, but the thickest is 60 metres. Molybdenum concentration is generally 0.08 to 0.1 percent. A lead-zinc vein with a verified reserve of some one million tons has been discovered around an old big lead-zinc mine in central China's Hunan Province. The newly verified reserve is believed to be three times that of the big old mine. The average lead-zinc concentration is 10 percent. [Text] [Beijing XINHUA in English 0803 GMT 12 Jan 80 OW]

MINERAL MANUAL IN COLOR--Beijing, 14 Jan--A manual in color of minerals in China, entitled "100 Minerals of China" is to be published soon by the Shanghai Science and Technology Publishing House. It was edited by the Museum of the Ministry of Geology and contains 240 color pictures of more than 100 of China's minerals. The detailed pictures are accompanied by concise texts which explain the distribution of China's mineral resources and how they are used. So far China has found deposits of 140 minerals. Reserves of tungsten, tin, antimony and mercury are among the largest in the world. Two ancient works on China's minerals are used as source material in this new book. They are "Shan Hai Jing" (Book of the Mountains and the Seas), written in the 5th century BC, which describes 80 minerals, ores and rocks and the classic "Compendium of Materia Medica," compiled by the Ming dynasty doctor, Li Shizhen (1518-1593), which records and describes other minerals. [Beijing XINHUA in English 0745 GMT 14 Jan 80 OW]

YUNNAN MINES DISCOVERY--The geologists in Yunnan have discovered another large size phosphor mine with a deposit of 410 million dun. In September the production units in Yunnan, Hunan, Guizhou and Jiangxi have provided the equipment and material which are needed to extract the mine. The mine provides another chemical fertilizer base for the country. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 17 Nov 79 HK]

GUANGDONG MINERALS--After years of survey by geologists, 106 out of the 140 known types of minerals in the world have been found in Guangdong. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 21 Dec 79 HK]

NEW MINERAL DEPOSITS--Beijing, 24 Dec--In 1979 Chinese geological departments located more than 160 mineral deposits. Among them, over 30 are ferrous minerals, over 50 nonferrous and over 30 nonmetallic and chemical raw materials. The remainder include uranium, diamonds, plaster stone, graphite, jade and some rare minerals. [Beijing XINHUA Domestic Service in Chinese 1501 GMT 24 Dec 79 OW]

SHANDONG GOLD MINES--Jinan, 25 Dec--PRC has recently built two large gold mines in Yie County, Shandong. Both of them are capable of handling 500 dun of ore a day. Mining facilities and equipment installed are up to design requirements. [Beijing XINHUA Domestic Service in Chinese 0717 GMT 25 Dec 79 OW]

CSO: 4006

HEAVY INDUSTRY

NEW TRUCK ASSEMBLY LINE OPENS IN SHANDONG

OW141404 Beijing XINHUA in English 1247 GMT 14 Jan 80 OW

[Text] Jinan, 14 Jan (XINHUA)--A new assembly line for imported Romanian "Roman" lorries and Chinese designed "Yellow River" lorries ranging from eight to 19 tons went into operation here today at the Jinan Motor Vehicle Plant.

The assembly line has a designed annual capacity of 6,000 "Roman" lorries and 5,000 Chinese lorries, among which will be truck tractors, dump trucks, cranes and ordinary trucks.

The assembly of the "Roman" lorries with imported Romanian parts was one of the items included in the protocol on cooperation in production and technology signed between China and Romania in 1978.

It was agreed that Chinese and Romanian experts would upgrade the existing assembly line for "Yellow River" lorries at the plant to enable manufacture of both the Romanian and Chinese lorries to take place. The work of design and construction was under the supervision of a design institute under the First Ministry of Machine Building, which acted in cooperation with the motor vehicle plant itself. The work was completed by August last year. Trial production began in late October, and 103 "Roman" lorries have been turned out.

The Jinan Motor Vehicle Plant produces heavy-duty lorries above eight tons. Auxiliary facilities are under construction to complement the newly added workshops.

CSO: 4020

HEAVY INDUSTRY

BRIEFS

SMALL CEMENT PLANTS--Beijing, 21 Jan--China's small cement plants turned out more than 47 million dun of cement in 1979, showing a 12.2 percent increase as compared with 1978 or accounting for two-thirds of the 1979 national total. "Small cement plants" refers to local cement plants whose output is not subjected to unified allocation by the state. Their annual productive capacity ranges from several thousand dun up to a maximum of 300,000 dun. In the past few years, their output has kept an average increase of 5 million dun a year. [Beijing Xinhua Domestic Service in Chinese 0126 GMT 21 Jan 80 OW]

SMALL CEMENT PLANT'S PRODUCTION--Beijing, January 27--Small locally-run cement plants throughout China turned out a total of 27 million tons of cement last year, accounting for about two-thirds of the national total. This was an increase of 12.2 percent over the 1978 output. According to the Ministry of Building Materials Industry, the output of small plants, which are run by county administrations for the most part, varies between several thousand tons and a maximum of more than 300,000 tons. [Text] [Beijing Xinhua in English 0130 GMT 27 Jan 80 OW]

CSO: 4020

LIGHT INDUSTRY

BRIEFS

NEW LIGHT INDUSTRIAL PLANTS--Beijing, 22 Dec (XINHUA)--Twentytwo new sugar refineries have gone into production in China this year, increasing China's sugar refining capacity by 170,000 tons. Some of the sugar refineries have workshops capable of making paper and distilling alcoholic drinks from residue. The completion of a typographic printing paper mill in Hunan Province will help satisfy the urgent need for textbook paper. An oils and fats chemical plant which supplies raw material for soap making has been completed in Hangzhou. In the textile sector, five chemical fibre plants and synthetic textile mills have gone into operation, including the Sichuan Vinylon Plant, which is China's first to use natural gas as a raw material. In addition, three mills have gone into partial production, including the Liaoyang General Petro-Chemical Fibre Works, the largest of its kind in China. Thus China's textile industry will have an additional capacity of 70,000 tons of plastic resin and 65,000 tons of chemical fabrics every year, as well as 168,000 new spindles. [Text] [OW221631 Beijing XINHUA in English 1531 GMT 22 Dec 79 OW]

JIANGXI SALT MINE--Nanchang, 30 Dec--The first stage of the Jiangxi salt mine, one of China's key light industry items for 1979, was completed by mid-December. The first stage of the project in the Qingjiang area, Jiangxi Province, includes a salt-making workshop and a heat and power workshop as well as water and power supply and waste water discharge facilities. Construction of the second stage project, mainly mirabilite extraction workshops, is to start next year. When the second stage is completed, the salt mine will have an annual capacity of 100,000 tons. [Text] [OW010955 Beijing XINHUA in English 0155 GMT 30 Dec 79 OW]

SHANGHAI DOWN PRODUCTS FAIR--Shanghai, 20 Jan--The Fifth Chinese Down Products Fair closed here today after a 10-day session. It was attended by business people from Asia, Europe, North America and Oceania as well as Hongkong and Macao. Leather garments were an added item at this session at the fair. On display was clothing for mountaineering, skiing, motorcycling, hunting and fishing. Separate items included jackets, hats, gloves and leggings. There were also down comforters, pillows, sleeping bags, mattresses and cushions. Transactions of down products concluded were 36 percent more than at the previous fair. The fair was sponsored by the China National Native Produce and Animal Byproducts Import and Export Corporation. Branch corporations from Beijing, Tianjin, Shanghai, Guangdong, Jiangsu and nine other places participated. [Text] [Beijing XINHUA in English 1228 GMT [no date] Jan 80 OW]

FUJIAN'S INDUSTRIAL PROGRESS--Fuzhou, 12 Jan--Fujian Province's light and textile industries developed rapidly in 1979. The two industries' total output value was 10 percent greater than in 1978, and the number of their new products and varieties exceeded 480, the largest ever. The output value of their export products was 20 percent greater than 1978. [Beijing XINHUA Domestic Service in Chinese 0751 GMT 12 Jan 80 OW]

HUNAN TEXTILE PRODUCTION--The textile industry in Hunan has fulfilled the year's plans for the total value of industrial output and 13 main products including cotton yarn, cotton cloth, chemical fibers and dyed cloth. The total value of production increased by 24 percent over last year. The profits increased by 33 percent. In 1979, 100 new products were produced with 3,500 new varieties. The development of chemical fibres has brought about important changes in the structure of textile products. This year, 10,000 tons of chemical fibers were produced throughout the province, an increase of 100 percent over last year. [HK150732 Changsha Hunan Provincial Service in Mandarin 1100 GMT 31 Dec 79 HK]

SOLAR-POWERED YACHT--China's first experimental solar-powered yacht made an official test run on the West Lake of Hangzhou, capital of Zhejiang, on 6 January. The yacht is free from engine noise and pollution, carries no fuel and is very safe and reliable. Its push-button switches have proved that the yacht is easy to start and stop. Solar energy absorbed under direct sunshine for a single sunny day can be enough to sail at full speed for 3 hours. The speed of the yacht is approximately 6 kilometers per hour. [Beijing Domestic Service in Mandarin 0400 GMT 11 Jan 80 OW]

SMALL COMMODITY PRODUCTION--Beijing, 21 Jan--At a recent trade fair of articles of daily use and items for cultural use sponsored by the Ministry of Commerce, the total transactions of small commodities made in the 10-day period totaled over 880 million yuan, or an increase of 310 million yuan as compared with the previous fair. Small commodities include small articles of daily use, hardwares and items for cultural use generally turned out by collectively owned handicraft plants. [Beijing Xinhua Domestic Service in Chinese 0208 GMT 21 Jan 80 OW]

CAPITAL CONSTRUCTION

UNIFICATION OF CAPITAL CONSTRUCTION FRONT URGED

Beijing RENMIN RIBAO in Chinese 9 Jan 80 p 2

[Article by Shi Xinran [0670 2450 3544]: "Method Of Having 'Many Outfits Supply Materials For One Construction Project' Should Be Changed"]

[Text] Building materials are the indispensable material conditions for carrying out capital construction. At present building materials are allocated in keeping with the investment system and construction projects. That is, the materials sector first supplies the materials to the construction departments, who in turn pass them along to the construction units. There are numerous flaws in such a supply system.

First of all, the building materials get to each construction department in piecemeal fashion, so their use cannot be centralized and they cannot be allocated on a unified basis. Also, there can be no exchanges among construction projects to deal with shortages or surpluses, so that materials which have all along been very limited become even more scattered, and the capital construction front gets stretched longer and longer while construction time gets slower and slower. Many projects start and stop, dragging on interminably before being completed and going into operation, becoming "graybeard projects."

Secondly, with the construction departments and the construction units both handling building materials, you have to set up two sets of agencies and warehouses for the materials. This not only increases storage of materials and creates tremendous overstocking and waste, it also serves to artificially increase the links through which the materials circulate, increases the cost of managing and shipping the materials, and pushes construction costs up greatly.

Thirdly, a supply system like this that splits up human, financial, and material resources, and in which production, supply, and marketing are not synchronized is not conducive to stimulating the enthusiasm and initiative of construction and installation enterprises. The building materials are con-

trolled by the construction departments. The construction units use whatever they are supplied, without being able to arrange their construction scientifically according to a sensible sequence.

Fourthly, with the disposition of materials in the hands of the construction departments, there is a wide variety of sources for the materials for a single region or for a single construction project. Furthermore, during the course of construction the construction departments engage in too much interference and meddling, so that the systematic implementation of much new technology, new techniques, and new materials, such as large-scale construction, slab construction, masonry, concentrated concrete mixing, expanding the scope of prefabricated structural components, the uniform manufacture of steel plate molds, and other such important technical steps is hampered.

How should we reform the present building materials supply system? We must abandon the use of time-worn administrative methods in materials management, so that all the building materials needed by the capital construction projects, fittings for electrical machinery, and materials used to produce maintenance items and mold plate tools are allocated directly from the materials sector to construction units, in keeping with the requirements of large-scale socialist production. The construction departments should sign construction contracts with the construction units, and there should be strict attention to economic responsibility and economic results between the materials supply sector and the construction units. There are two methods the materials sector can adopt in supplying building materials: One is to assign the materials to the provincial, municipal, and autonomous regions' construction engineering bureaus, and make them responsible for ordering, supply, regulation, and use. The other is to supply the enterprises directly, with construction and installation enterprises putting forth plans for the materials they will require, and the materials sector delivering the goods right to the site. Each side would sign supply and requirements contracts, and each would have economic responsibilities.

The procedural reforms described above were adopted as early as the first part of the post-liberation period and the period of the "First Five-Year Plan," and they had excellent economic results. Practice has proven that this building materials supply system is mutually compatible with the development of productive forces, with construction tasks and the allocation of materials being pretty well balanced. It is definitely effective.

Some comrades are concerned over whether or not it is possible to implement direct supply of materials to the construction units, under the present conditions in which the demand for building materials is far greater than the supply. As we see it, the present shortage in the supply of building materials

has been created to a great extent by poor planning, poor management of materials, and excessively large gaps. Reforming the materials supply system will be beneficial in reducing the overstocking of materials, in fully exploiting the potential of the materials, in really bringing our limited goods and materials to bear on those projects urgently needed by the country, and will help solve the problem of the capital construction front being "long, diffuse, and chaotic." In order to carry out reforms steadily and surely, those provinces, cities, or units which possess the proper conditions can actively organize pilot projects, then gradually expand the scope of these experimental operations, thereby building a good foundation for implementing comprehensive reforms.

CS0: 4006

CAPITAL CONSTRUCTION

PRC URBANITES RECEIVE NEW HOUSING UNITS

OW231354 Beijing XINHUA in English 1243 GMT 23 Jan 80 OW

[Text] Beijing, 23 Jan (XINHUA)--New housing apartments built in the Chinese cities and industrial and mining areas in 1979 had a total floor space of 56.44 million square metres, half as much again as in the previous year, according to the latest statistics released by the State Bureau of City Construction.

About four million urban dwellers have moved or are moving into the new housing, the state bureau said.

This was the biggest annual floor space built in the past 30 years and was one-tenth of the total floor space available in the three decades.

Hebei, Liaoning and Sichuan provinces each built new houses with a floor space of over four million square metres. Five other provinces and Beijing, Tianjin and Shanghai each built new housing with a floor space of two million square metres or more.

Tibet led the other parts of the country in per-head floor space in urban housing construction, which more than doubled the national average of 0.5 square metres. Second place went to Hebei Province whose cities built new housing with an average floor space of nearly 10,000 square metres for 10,000 people. Houses with a per-head floor space of 1.64 square metres were built in the quake-shaken city of Tangshan.

Priority was given to urban housing construction last year, the state bureau said. Many of the provinces provided more steel, timber, cement and other materials for housing construction than for other purposes in their local building programmes.

New practices were introduced in various parts of China. They included the building of private houses by individuals for private use and the selling of government-built houses to individuals.

"Urban housing construction will continue on a large scale this year. We are making every effort to build even more new houses than last year," a leading official of the state bureau added.

CAPITAL CONSTRUCTION

GUANGDONG USES UNDERWATER BLASTING TO TAMP EARTHWORK FOUNDATIONS

OW291329 Beijing XINHUA in English 1242 GMT 29 Dec 79 OW

[Text] Guangzhou, 29 Dec (XINHUA)—An underwater blasting method has been developed in Guangdong Province to impact deepwater earthwork foundations.

A 66.6 percent cut in time and a 50 percent cut in investment were reported over the previous method of mechanical tamping. The new method was first used in laying foundation for a deepwater wharf on the coast of the Hainan Island in the second half of 1978.

Even better results were obtained when underwater blasting was again used recently in building a slideway for an East China Sea harbour. Originally the project was to take 3 to 4 months and cost 100,000 yuan, using a dredger to remove the 3 to 5 metres of silt before tamping down the stones in the foundation.

An underwater explosion did all the work on 2,400 square metres in eight days, plus 20 days of preparations, with a labour force of 20 people. The method was 60,000 yuan less expensive.

The method was developed by Ma Naiyao, deputy chief engineer of the Guangdong Provincial Bureau of Water Conservancy and Power, and a group he is leading. The success came after three years of intensive research and repeated experiments.

The engineer also has an efficient directional blasting method to his credit.

CSO: 4020

CAPITAL CONSTRUCTION

BRIEFS

CONSTRUCTION MATERIALS PLANT--Beijing, 24 Dec--Work on China's first new construction materials plant began December 20 on the northern outskirts of Beijing. The plant will have 43 workshops including laboratories and an exhibition hall, totalling 148,600 square metres of floor space. Equipment for some of the workshops will be imported. When it is completed in 1982, it will produce gypsum board and slag-wool board for construction of 600,000 square metres of housing and other buildings every year. [Text] [Beijing XINHUA in English 0742 GMT 24 Dec 79 OW]

GUANGDONG CAPITAL CONSTRUCTION--The capital construction front in Guangdong has suspended and postponed 348 capital construction projects that cost 50,000 yuan each including 12 large and medium projects. As a result the total amount of investment has been reduced by 860 million yuan. According to preliminary inspection, there are 5,879 projects under construction in the province with a total investment of 5.4 billion yuan. This greatly exceeds the limits of the province in manpower, material and finance. In view of the present situation, it will take at least 5 years to complete these tasks, particularly since some of these projects are not urgently needed and others do not have the conditions and material. The suspension or postponement of these projects has promoted the construction of key projects, saved 1,600 tons of rolled steel, 1,000 tons of cement and 990 cubic meters of timber. [HK150840 Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 29 Dec 79 HK]

CSO: 4020

DOMESTIC TRADE

GUANGDONG SEEKS TO KEEP LID ON PRICE INCREASES

Guangzhou NANFANG RIBAO in Chinese 3 Nov 79 p 1

/Article: "Strengthen Price Management, Strictly Prohibit Unauthorized Price Increases"

/Text/ The Guangdong Provincial Revolutionary Committee, to guarantee the preservation of market stability following the increase in the sales prices of non-staple foodstuffs, issued an urgent circular on 31 October demanding that each district and department conscientiously strengthen price management, stringently prevent a chain reaction and strictly prohibit unauthorized price increases and covert inflation.

The circular stresses the following six points:

One, the sales prices of the eight principal non-staple foodstuffs, raised with the approval of the State Council and the Provincial Revolutionary Committee, must be strictly controlled in terms of the varieties, scope and degree of price increase, in keeping with the relevant regulations. They should not be hiked up at will.

Two, in order to preserve the fundamental stability of market prices and prevent the possibility that the increase in prices of non-staple foodstuffs will give rise to price fluctuations on the market, the sales prices of all consumption goods should not be changed, except for those which have been stipulated by the Central Committee, if they have not been approved by the pricing departments.

Three, the prices of products related to the eight principal non-staple foodstuffs and the fee standards of repair services should be strictly controlled in accordance with the principles of reducing the links of circulation and keeping a firm grasp on expenditures. In keeping with the different conditions, the following concrete arrangements are to be made:

The prices of replica goods which have undergone simple processing, such as roast meat, cured meat and sausage, should be strictly controlled in accordance with the circulars of the Provincial Price Bureau and the Provincial Commercial Bureau.

The prices of food and drink should not be changed if there was no increase in the price of the raw or subsidiary materials used. If the change in raw and subsidiary material cost is not large, the price should be changed little if at all. If the change in raw and subsidiary materials was rather large, the sales price may be increased suitably under the condition that the gross profit rate does not exceed that stipulated by the province.

After the prices of raw and subsidiary materials for candy, cakes and canned goods are raised, if there is still a certain profit after checking the costs of normal operations, the prices of the latter must not be changed. When losses are incurred or profits are very small, prices may be raised suitably, but in general it is only permitted to increase a price by the portion of increase of that of the raw materials.

If operations are gainful, the current fee standards of repair and service trades must not be changed. If the current fee standards are too low or if losses or very small profits are produced by the price supplements for non-staple foodstuffs and the increase in wages, the fee standards may be raised suitably with submission for approval according to the price management examination and approval jurisdiction. Control must be tightened over the items and rate of increase.

Four, strengthen management over the prices of commodities which are purchased and sold on the basis of negotiation. Any commodity which is permitted to be purchased and sold on the basis of negotiation must definitely be handled separately from list price commodities. It is strictly forbidden to turn a commodity which is allocated at a list price within the plan into negotiated price sales in search of a profit. It is also not permitted to treat a negotiated price commodity as a fixed price sale, or to match up list price and negotiated price commodities in pairs for allocation and transfer, or to mix them together to sell. The determination of price for a negotiated price commodity should strictly be carried out according to the relevant provisions of the Provincial Revolutionary Committee. The supply and marketing and commercial departments of every area must do a good job of handling negotiated purchase and sales commodities of the three kinds of products and thereby adjust surpluses and deficits and keep the prices quiet and low in rural fair trade.

Five, strictly observe examination and approval jurisdiction of price adjustments. The readjustment of the sales prices of the eight non-staple foodstuffs and of the fee standards for related products and repair services must be done according to the pricing jurisdiction. After they have been examined by the pricing departments in charge, they must be reported to the revolutionary committee at the same level for approval. No unit or individual is allowed to act on its own in determining to raise the sales prices of consumption goods on the market or non-commodity fee standards. Violations must be strictly investigated.

7120

Six, seriously inspect and rectify market prices and firmly control the raising of prices at will and hidden inflation. Recently the Provincial Revolutionary Committee once again issued a circular, deploying forces for further developing a large-scale inspection of market prices where leaders of revolutionary committees at all levels definitely must grasp the matter personally and seriously study it and make the necessary changes. From this year on, any of those consumer goods prices or non-commodity fees such as for medical treatment, communication and transportation, rent and miscellaneous study fees which have not been approved by the pricing department in charge but have been raised without authorization must without exception be reduced to their original levels. Dishing things up in a new form, using all sorts of pretexts, reducing quality and quantity, cheating, shortweighting and other forms of hidden inflation must resolutely be corrected. Any extra-legal income obtained from unauthorized price increases or hidden inflation is to be confiscated and turned in to the local financial authorities. When there are deliberate violations or a refusal to mend ways despite repeated admonitions, the blame of the leadership of the unit and the persons concerned must be determined and, in view of the seriousness of the case, be dealt with by public notice of criticism, economic sanctions or administrative disciplinary actions, until it is found out who has legal responsibility. Units and individuals which are models in carrying out price policy must be given praise and material rewards, so that there is a clear demarcation between rewards and punishments.

In its circular, the Provincial Revolutionary Committee points out that we must mobilize the masses to report and unmask behavior which violates price discipline. The prices of managed commodities must be clearly marked to facilitate inspection and supervision by the masses.

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CSO: 4006

DOMESTIC TRADE

GUANGDONG PRICE RISES DETAILED

Guangzhou NANFANG RIBAO in Chinese 1 Nov 79 p 1

/Article: "Guangdong Province Readjusts the Sales Prices of Eight Principal Non-Staple Foodstuffs"7

/Text7 In keeping with the resolutions of the Central Committee of the Communist Party and the State Council, following the increase in the procurement prices of principal agricultural products such as pigs, poultry, eggs and aquatic products, beginning on 1 November this year the sales prices of eight principal non-staple foodstuffs are being raised appropriately. These foodstuffs are pork, beef, mutton, poultry, eggs, vegetables, aquatic products and milk. Guangdong Province has made appropriate readjustments in the prices of the eight principal non-staple foodstuffs while acting according to normal commercial operations, reducing the linkages as much as possible, holding a tight rein on expenditures and holding to the principles of an appropriate price differential between purchase and sales and rationally arranging the relative prices of pork, beef, mutton, domestic fowl, fresh eggs and fish. At the same time it has given non-staple foodstuff price subsidies to workers and staff members.

Guangdong Province's sales price arrangements for the eight principal non-staple foodstuffs are as follows:

Pork. The sales price of undressed pork (including head, hooves and internal organs) in markets at the county seats and above throughout the province has been raised from an average of 78.21 yuan per dan [50 kg.] to 99.75 yuan, an increase of 27.54 percent. The percentage price increase varies from place to place. Those areas where the original price level was relatively high have had a bit smaller increase and areas where the original price level was relatively low or the price differential between purchase and sales tended to be small had a slightly greater rate of increase. In general the retail

price of dressed pork went up by over 0.20 yuan per jin. For example, in Guangzhou Municipality a jin was raised from 1 yuan to 1.22 yuan.

Beef and mutton. For rationed supply to non-Moslems, the various places have made concrete arrangements in the sales price with reference to the normal price relations between beef and mutton on the one hand and pork on the other. For rationed supply to Moslems, the amount of price increase is the same as that for pork, that is if one jin of pork is raised by so much, so is the price of one jin of beef or mutton.

Domestic fowl and duck eggs. Last year, when the procurement prices were raised, the vast majority of districts increased the sales prices correspondingly. In general these prices are not altered. Where there has been no readjustment to a rational level, an appropriate readjustment is made. At the same time measures which were originally carried out to supply fowl and eggs at guaranteed prices on holidays are rescinded. The province-wide average increase in the sales price of duck eggs is 33.02 percent.

Aquatic products. The provincial average sales price for pond fish increased by 27.3 percent, for saltwater fish by 24.42 percent and for frozen fresh fish by 28.22 percent. The increases were less for low value fish and ordinary fish and greater for valuable fish and valuable ocean products. There have also been differences in the rate of price increase from place to place.

Vegetables. Since the effect of these on the daily life of workers and staff members is relatively large, the sales prices have as much as possible not been raised or raised relatively little. Vegetable sales prices in Guangzhou Municipality have remained unchanged.

Milk. The sales price in general has not been raised or only raised by a small amount. The retail price for a jin of fresh milk in Guangzhou Municipality was raised from 0.35 yuan to 0.375 yuan, and each bottle from 0.14 yuan to 0.15 yuan. After the sales prices of non-staple foodstuffs such as meat, eggs, fish, fowl and milk are raised, the sales prices of related products and the service and repair fee standards are to be strictly controlled. Excessive linkages must be compressed, price differentials which are too large must be reduced and profits which are too high must be appropriately reduced. Concrete arrangements are to be made for different circumstances.

Food and drink trades: Foodstuffs which are made with grain and edible oils such as cooked rice, congee, mantou, sugar buns and goods fried in oil do not increase in price. Meat products such as meat buns, meat dumplings and egg cakes have some suitable price rises. The prices for various main dishes using as ingredients meat, eggs, fish, fowl and the like are only raised the amount of increase in the price of the ingredients.

Candy, pastry, canned goods, cold drinks and the like: Ordinary snacks, biscuits, candy and the like which only use oil, sugar or flour do not increase in price. Cans with fish, meat, eggs or fowl as ingredients in general are only raised in price by that portion due to the original ingredients.

In keeping with their different circumstances, the fee standards for repair and service trades are generally unchanged. Specific ones which must be raised must be submitted for approval according to the price management examination and approval jurisdiction.

At the same time that sales prices are readjusted in our domestic markets, sales prices for relevant commodities supplied to foreign guests, overseas Chinese and to our compatriots in Xianggang should correspondingly be readjusted rationally according to the principle of determining prices according to quality.

In order to ensure that the living standards of the vast majority of staff members and workers and urban residents do not fall due to the raise in non-staple foodstuff prices, the Central Committee of the Chinese Communist Party and the State Council have stipulated that, commencing in November this year, a subsidy of 5 yuan per month be given to staff members and workers for non-staple foodstuffs prices and that 40 percent of staff members and workers be raised in rank with an increase in wages.

This stipulation of the Central Committee and the State Council is a great policy measure adopted in the area of economic livelihood. In this way, simultaneous account is taken of the interests of the producers, the commercial departments and the consumers. It corresponds to the demands of doing things in keeping with economic laws, is beneficial to better mobilizing activism in the various areas, promotes the development of production, enlarges the circulation of commodities and promotes economic prosperity, thereby continuously improving the daily life of the people on the basis of the development of production.

DOMESTIC TRADE

REASONS FOR SHORT SUPPLY OF DAILY NECESSITIES REPORTED

Beijing CONGREN RIBAO in Chinese 25 Oct 79 p 2

[Article by reporters Fu Wanmei [0102 5502 5019] and Mao Zhenhua [3029 2182 5478]: "Why Are Daily Commodities in Short Supply?—An Interview"]

[Text] In Wuhan, a store dealing exclusively in local industrial products has been in short supply of bamboo knitting needles for knitting yarn, buttons and bamboo loops for mosquito nets recently. The store attempted to bring the shortage to other's attention but the local industries still have not produced these items.

An absolute majority of daily commodities are produced by the handicraft industry. Wuhan city's handicraft industry has a long history, the city has a complete assortment of handicraft items and there is a rich supply of such products. Why are daily commodities in such short supply?

One problem is planning. Production of daily commodities has a strong adaptability. Products suitable for sale today may become unsaleable products tomorrow. In the past, many daily commodities were produced in backyard factories and sold in the shop fronting the factory. In this way, the opinions of the masses can be constantly heard and changes in the market can be grasped so that one's own products can be improved or new products can be produced. Now, production is either planned or by contract. The strong adaptability of the handicraft industry is seldom taken into consideration in arranging production plans and the industry has been controlled too tightly. Factories work only according to plans or by contract and do not know about the opinions of consumers. This causes a break in production and sale and affects the activeness of the factories in the production of daily commodities.

The second problem is raw materials. Of the raw materials needed this year, only 62.1 percent of the needed aluminum was supplied, only 16 percent of the tin needed for tin products was supplied, only 56.2 percent of the China fir needed was supplied, only 70 percent of fine and thin pieces of the

steel needed was supplied,.... Because the supply of scrap steel and iron could not be guaranteed, production of 18 kinds of hardware products such as needle heads, hooks for pants and electric plugs had to be reduced or stopped. What can be done about the shortage of supplies of raw materials? There is a theory about "self supply" which many collective enterprises refer to as "one's own worry." A factory that specialized in the production of oil dippers, dippers for frying, straining dippers and hollow dippers "worried" for some time but still did not "obtain by worrying" because it could not guarantee its supply of raw materials so it finally had to change its product to rubber accessories for automobiles.

The third is the problem of technical improvements. Some daily commodities increase in quality because of increased market demand, thus depending on manual operation or outdated equipment of the past will not work any more. Technical improvements are needed. But problems of acquiring equipment and capital cannot be solved. Some collective enterprises could only struggle along with the outdated equipment.

The fourth is the problem of coordination between industry and commerce. Some contracted products are needed in the market and the factories have produced them but the commerce departments reject them. Some products which are needed in both cities and villages are regulated internally by the commerce departments: those purchased by the provincial commerce departments cannot be purchased by the municipal commerce departments; those purchased by municipal commerce departments cannot be purchased by provincial commerce departments. Thus the products cannot be totally purchased. There are also problems in price, which affect development of production because these problems cannot be solved in time. For example, the cost of each cigarette lighter is 1.32 yuan. The commerce department purchased each at 0.76 yuan and sells each at 1.10 yuan. Factories that regard this product as a loss of money and wish to produce new products will not be able to overcome the loss.

It is said that these are old problems that have been pointed out year after year and frequently talked about. Although some of these problems have been solved during these years, the solutions are localized and the root cause has not been eliminated and solved. What are the reasons?

Popular within the handicraft departments is this song: "Light industry, light industry, it is insignificant, it is of minimum worth and can be eased out or washed away." It is said that the masses have summarized this attitude from the conversation of some of the leading comrades regarding light industry. This reflects the fact that some of our leading comrades do not place the development of light industrial production to satisfy the needs of the people and the masses in its proper perspective. They treat the production of daily commodities as something that is as heavy as a thousand jin when bringing it up and as light as four liang when dropping the topic.

Some people grasp products that have great production value as if fighting the tiger courageously but treat the development of daily commodities which have a small production value as timidly as an old lady walking. If this continues, the production of daily commodities will be for naught.

DOMESTIC TRADE

ELECTROMECHANICAL INDUSTRY-CONSUMER BUSINESS CONFERENCE HELD IN SHANGHAI

Shanghai JIEFANG RIBAO in Chinese 21 Nov 79 p 1

[Article by Xu Panxiang [1776 4149 4382] and Qin Xiangshun [4440 4382 7311]: "Consumers Buy Electromechanical Products Directly From Industry"]

[Text] Shanghai First Electromechanical Bureau, liberating thought and breaking away from the old ways, held the first business conference of electromechanical products for 1980 in which the industry departments met face to face with the customers. The surplus production capacity over and beyond the national production plan was put on the open market, and producers and consumers concluded their contracts on the spot. During the 3-day period in which the conference was held, more than 3,700 purchase contracts were signed, opening a new road of satisfying, directly by the industry, the needs of society for electromechanical products.

Electromechanical products have always been state-distributed commodities. Whatever products were needed by the customers had to be requested through channels, level after level upward, and finally arranged by the state planning department. Whatever products were manufactured by the production unit had to be according to the tasks handed down by the state planning department. Who the customer is, or for whom the product is made, or whether the product meets the need of the society has seldom been questioned. Since producers and consumers have not met face to face, the producers have been unaware of the real needs of the consumers. Many unwanted products have been manufactured, while the consumers could not get what they really need. Today, with the progress of reorganization of the national economy, the number of basic construction items has been reduced step by step, and the demand for electromechanical products has declined correspondingly. Therefore there exists a rather big gap between the production capacity of the First Electromechanical Bureau and the production tasks assigned by the state for the next year. The electromechanical industry thus faces two problems: 1) How production should be adjusted to meet the need of the consumers and society; 2) How industry should expand its production line by utilizing surplus production capacity, filling the gap, and making arrangements for the next year's production schedule. The First Electromechanical Bureau, through discussion and research, recognized the fact that the objective of socialist production is to satisfy

the growing material and cultural needs of the entire society. Thus, from this viewpoint, electromechanical products must satisfy the needs of the consuming society. The situation in which producers and consumers never meet face to face and production plans are not tailored to the needs of society must be corrected. They decided to hold a business conference, with the greater objective of obeying the arrangements called for by the national plan, in which producers and consumers would meet face to face to negotiate purchase contracts and trade in the marketplace, discuss business matters, and sign contracts on the spot. Through this conference, not only could the gap be filled and surplus production capacity be utilized, but also the true needs of society could be investigated and satisfied. With the direct concern and assistance in preparation by the Municipal CCP Committee and the enthusiastic support of various departments including the Commodity Department, the First Electromechanical Bureau held on 10-12 of this month the first business conference and achieved very good results.

The general guideline of this conference was the national plan first and the market second, and under the greater objective of guaranteeing national plan tasks, foreign aid exports, and local urgent needs, surplus production capacity was put on the open market, with orders accepted directly from various sectors of society. Ten specialty companies and 167 production enterprises attached to the First Electromechanical Bureau participated in this conference as suppliers. In the conference hall, more than 200 placards advertising the products and displays of actual small parts were arranged in a very attractive fashion. Slogans such as "Welcome, select and purchase. We wish to serve you"; "Quality guaranteed. We practice the 'three guarantees'"; and "We will help train. We will deliver" were everywhere colorful and attention-getting. More than 6,000 purchasing agents representing various municipal industrial and mining enterprises, businesses, villages, and troops, each according to his need, negotiated with the concerned suppliers and signed contracts. Trade was sufficiently busy. Many purchasing agents from other areas also came to the conference when they heard about it. The Jinshi Hardware Plant of Hunan Province came to Shanghai to buy 400 capacitors which they needed urgently. They had searched in vain for a week to find a production unit which could deliver. Luckily, they came upon this conference by chance and were able to make their purchase. The Harbin Air Regulator Plant and the Anhui Fengyang Chemical Fertilizer Plant were in urgent need of two blowers. They went separately to Jiamusu and Nantong seeking help but without success. They both succeeded in placing an order at this conference. In a short 3-day period, more than 3,700 contracts were signed and a sum of 55 million yuan paid at the site. Adding that which was negotiated after the conference, the total came to 123 million yuan, amounting to approximately one-fifth of the annual production goal of the First Electromechanical Bureau.

In addition to providing customers with an opportunity to sign purchase contracts, this conference offered a chance for the bureau to investigate the needs of society as a basis for reorganizing electromechanical production. During the conference they adopted a policy of signing contracts

on the spot whenever the demand could be met, and registering for future negotiation after the conference those demands which could not be met immediately on account of either production capacity or capability. Through this conference, a powerful social investigation and forecast analysis concerning the demands of the marketplace have been made, and from all this, reliable data were obtained for the reorganization of next year's production plan, cutting short what is in excess and supplementing what is in short supply. For example, the prospecting machinery plant has the capacity to manufacture 15 or so 16-ton cranes. The concerned department has always considered this product overproduced with little market. Therefore, in next year's plan none of this item will be included. During this conference, 13 such cranes have been ordered, so that next year's goal has been basically met. Surprisingly, many kinds of metal-cutting lathes were in great demand, surpassing the supply capacity. More than 1,000 units were ordered on the spot, and requests for more than 800 additional units were registered. Furthermore, a better understanding of the demand situation for such items as elevators, industrial boilers, automobiles, and tractors, which heretofore have been considered to be in short supply, has been achieved. Reorganization and future development of the electromechanical industry now has a clear guideline to chart its course.

This conference also contributed significantly to a reform of the method of business interaction. In the past, when a user unit wanted to buy an electromechanical product, it had to order it through channels, involving many levels and complicated procedures, lasting a year in slow cases and several months in fast cases. And there was no room for choice, either. During this business conference, suppliers and consumers met face to face; superior products were selected and purchased, involving very simple procedures. Municipal consumers could enter the conference hall simply with the introductory letter issued by their units, while consumers from outside units could enter the conference hall with only their "purchase authorization" and then choose and buy freely. This approach did away with the old cumbersome procedure of requesting approval through channels, level after level, based on a letter of introduction issued by the planning committee of the province, city, or autonomous district, and was a great convenience to the customers. A purchasing agent of the Baoshan Steel General Plant arrived at the conference hall on the first day and bought equipment needed for four vehicles on the spot, spending only half an hour to complete the contract procedures. He declared happily: "In order to buy the equipment for four vehicles in the past, I had to run up and down for more than 2 months without success. Today, I finished the task in just half an hour. This is truly a good method of operation." The petrochemical industry bureau of a certain province wanted to buy some equipment needed for the technical improvement of a small chemical fertilizer plant. They had spent several months and experienced three tie-ups without result. They were able to solve their problem smoothly at the conference, and were extremely satisfied. A great number of the purchasing agents enthusiastically praised this method of operation adopted by the First Electromechanical Bureau and hoped that such conferences will be held regularly.

DOMESTIC TRADE

BRIEFS

COMMERCE MINISTRY CIRCULAR--Beijing, 21 Jan--The Ministry of Commerce issued a circular on 18 January, calling on commercial departments in all localities to do a good job in supplying meat to urban and rural residents during the spring festival. The circular disclosed that the number of hogs in stock at 1979 year end topped the previous year by more than 8 million head. Last year, the state procured 129 million head of hogs, topping the previous year by 20.7 million head. [Beijing Xinhua Domestic Service in Chinese 1252 GMT 21 Jan 80 OW]

CSO: 4006

FOREIGN TRADE

SHEKOU JOINT VENTURE REGULATIONS OUTLINED

HK180321 Hong Kong WEN WEI PO in Chinese 16 Jan 79 p 7 HK

[Article in English]

[Text] The State Council of the People's Republic of China has authorized China Merchants Steam Navigation Co., Ltd. of Hong Kong (CMSN) to invest and develop the Shekou District which is under the administration of Shenzhen City of Guangdong Province into an industrial zone. The area to be opened up there in the initial period will be approximately 10 million sq. ft.

In accordance with the law of the People's Republic of China on joint ventures using Chinese and foreign investment and other pertinent decrees, CMSN warmly welcomes foreign businessmen, Overseas Chinese as well as compatriots from Hong Kong and Macao to enter into joint ventures with CMSN to engage mainly in producing, manufacturing and processing goods for export. The participants of a joint venture shall have direct negotiations and sign the agreement in Hong Kong and subsequently have the joint venture incorporated and registered at the Administration Bureau of Industry and Commerce of Shenzhen.

1. Geographical Location:

"The Shekou Industrial Zone" (SKIZ) is located on the east coast of the Pearl River estuary, just to the west of the city of Shenzhen and embraced by the deep bay. SKIZ is in an advantageous location where sea and land transportations are convenient--separated only by the water of the bay from Yuen Long and Lau Fau Shan of the new territories; about 30 kilometers from Shenzhen and about 150 kilometers from Guangzhou by road; around 20 nautical miles from the central of Hong Kong and around 80 nautical miles from Guangzhou by sea.

The superiority of SKIZ in geographical location makes it an ideal place for foreign businessmen, Overseas Chinese and compatriots from Hong Kong and Macao to make industrial investment.

2. Weather and Climate:

"The Shekou Industrial Zone" is an area with subtropical marine climate. Its prevailing wind direction is easterly. In summer a southeast wind is prevalent while in winter a north wind is predominant. The district has a mean annual temperature of 22.3 degree C, with a maximum of 37 degree C and a minimum of minus 2.5 degree C. The annual rainfall averages 1553.6 mm. And the frequency of the district being affected by typhoons is less than once a year on the average.

3. Earth Conditions:

As shown by the results of soil of the zone [it] can substantially be classified as follows:

- 1) The surface stratum is clayey soil, greyish yellow in color and about 2 meters in thickness.
- 2) The second stratum, greyish yellow, consists of gravel soil and breccia. Having a maximum thickness of 6.5 meters, it can well be used as the basic bearing stratum for buildings with no special requirements.
- 3) At the bottom is a variegated, clayey, weathered layer which constitutes a proper bearing stratum.

4. Construction Work:

1) Leveling of land:

The total area to be levelled in the initial period will approximately amount to 10 million sq. ft. Factory sites will gradually be available starting from March 1980.

2) Quays:

A 600-meter quay along the shoreline with a depth of 3 to 5 meters will be built there. The quay will be able to accommodate freighters and lighters of 3,000 DWT. 20 meters of the quay is scheduled to be ready for use by February 1980 and the entire quay will be completed by September 1980.

3) Roads:

An 8-kilometer asphalt-paved road from Shekou to Nantou is now under construction. It will be joined to the main highway from Guangzhou to Shenzhen. The road is expected to be completed by March 1980.

4) Water supply system:

Water is supplied by the Xili reservoir which is 15 kilometers northeast of SKIZ. Besides, a waterworks is being erected in the zone. The waterworks is scheduled to be completed by July 1980.

5) Power supply system:

Electricity is supplied by China Light and Power Co., Ltd., Hong Kong and high-tension wires are being laid from Shenzhen to Shekou. In addition, the construction of a transformer substation has already started. The whole system will be able to start operating by July 1980.

6) Telecommunication system:

A microwave system will be introduced and installed in SKIZ to provide direct telephone and telex communications with Hong Kong, other countries of the world and other places of China.

5. Particulars of Joint Ventures in SKIZ:

1) Equity ratio:

The partners of a joint venture shall make investments in cash according to their respective percentage of share-holding in the venture. Each partner's investment shall in general not be less than 25 per cent of the total investment. The exact proportion of share-holdings in a joint venture may be agreed upon between the parties according to the particular line of business of the venture. Technological patents and equipment may be converted into cash as investment.

[HK180323] 2) Organization:

A joint venture shall have a board of directors, a president and various department managers. The chairman of the board of directors shall be appointed by CMSN; the vice-chairman, the president, the vice-president as well as department managers shall be appointed through consultation by the participants.

With regard to the memorandum and articles of association of a joint venture, reference may be made to both Hong Kong and international conventional practices.

3) Contract period:

The contract period of a joint venture shall be determined by the particular line of business of the venture. The average term is around 25 years. The period may be extended. Extension shall be made 6 months before the expiration of the contract.

4) Land and land utility cost:

The Real Estate Company of the Shekou Industrial Zone, a subsidiary of CMSN, has been authorized to plan and control the use of the land of the district.

Joint ventures shall apply to the Real Estate Company of SKIZ for the use of land there and pay for its utility in compliance with the rules concerned.

The land utility cost is HK\$2 to HK\$4 per sq. ft. per year.

5) Taxes:

All supplies furnished to SKIZ ranging from equipment, construction materials, raw materials to daily necessities shall be exempted from import tax.

Finished and semi-finished export products shall be exempted from export tax. But taxes shall be levied on products for the domestic market in accordance with customs' regulations of the PRC.

A joint venture shall qualify for a 3-5 year tax holiday from the date of its commissioning. From the 4th or 6th year on, a 10 per cent corporation profit tax shall apply.

6) Visa application:

Foreign residents, Overseas Chinese and compatriots from Hong Kong and Macao entering SKIZ by sea may have their passports or travel documents visaed at the wharf of the zone.

Compatriots from Hong Kong and Macao entering SKIZ by road via Shenzhen shall go through visa formalities in accordance with the usual practice.

Foreign nationals, foreign nationals of Chinese descent and Overseas Chinese entering SKIZ by road via Shenzhen may present their passports or travel documents two days in advance to the planning and development division of CMSN, which will obtain the required visas for them.

Those who wish to make a one day trip to the place shall be granted entry-exit visas valid for one day; technical and management personnel who have to frequent the zone to perform their duties shall be granted 3 or 6 month multiple entry-exit visa.

7) Staff and workers:

A joint venture shall present a list of manpower requirement covering the numbers and qualifications of workers, technicians and administration

personnel needed in the venture to the labor services company of the Shekou Industrial Zone, which shall in turn recommend to the joint venture suitable candidates they could possibly find.

The joint venture has the right to scrutinize the candidates. If the candidates prove to be satisfactory, employment contracts shall be concluded between the joint venture and the labor services company of the Shekou Industrial Zone.

The joint venture also has the right to dismiss any workers or staff members who seriously violate the rules and regulations of the venture during the execution of the employment contracts.

8) Salaries, wages and welfare funds:

A joint venture shall pay the workers in Hong Kong Dollars which shall be converted into renminbi. The average wages for ordinary workers of a joint venture shall be higher than those for workers working in the same kind of enterprise of China and lower than those for workers working in the same kind of enterprise of Hong Kong. A joint venture shall appropriate a certain sum of money equivalent to 10 per cent of the total amount of wages as welfare funds and medical benefits for the workers. A bonus shall be given to workers and staff members who have fulfilled or overfulfilled their production quotas with products up to the standard both in quality and in quantity.

The staff and workers of a joint venture in SKIZ shall enjoy the statute holidays, festivals and leave days with full pay in line with the laws of the People's Republic of China. Staff and workers on sick leave shall get their pay in accordance with the pertinent regulations of the PRC.

Labor insurance for workers and staff members shall be effected with the insurance company in SKIZ by the joint venture.

Salaries and benefits for senior technicians and management personnel shall be fixed separately.

Salaries for technicians and management personnel from abroad as well as from Hong Kong shall also be fixed separately. The foreign and Hong Kong staff shall pay a certain sum of personal income tax.

[HK180325] 9) Foreign exchange control:

Foreign currency shall be used in book-keeping/accounts of the joint ventures in SKIZ. Every joint venture should submit to the general administration of the Shekou Industrial Zone its quarterly balance sheets. Foreign exchange transactions shall be conducted at the banks

in SKIZ. Foreign currencies can be freely remitted both inwards and outwards but through the banks in SKIZ only.

10) Power and water supply:

Power consumption in SKIZ shall be charged at the same rates as applied in Hong Kong for industrial electricity.

Water consumption shall be charged by the unit (1,000 gallons of water is calculated as one unit) and at a rate 20 per cent lower than that applied in Hong Kong.

11) Arbitration:

In case of economic or legal disputes, the parties involved shall endeavour to settle them through friendly consultation. Should consultation be exhausted, the disputes may be settled through conciliation or arbitration by an arbitral body of China or through arbitration by an arbitral body agreed upon by the parties.

6. Inquiries:

For further information, please contact:

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CSO: 4006

NEW INDUSTRIAL ZONE AT SHEKOU

Hong Kong SOUTH CHINA MORNING POST in English 16 Jan 80 p BN 1]

[Article by Victor Su]

[Text]

China has authorised its Hongkong-based China Merchant Steam Navigation Company (CMSN) to invest in and develop the fishing port of Shekou on the Chinese side of Deep Bay for industrial use.

The CMSN is spending \$100 million for levelling Shekou, which has been declared a "special district," to produce 11 million sq ft of flat land to attract capital from Hongkong and other countries to operate projects under the new Joint Venture

Law and compensation trade agreements.

The CMSN is already in the process of finalising seven major industrial projects in Shekou which involve an initial investment of \$220 million.

Most of the negotiations for the projects were carried out in Hongkong.

One project is a joint venture with the East Asiatic Company and Sea Containers Pacific for a \$50 million container manufacturing plant.

Another is with a Swiss firm in Hongkong to set up a plant to recondition construction equipment for use in Hongkong.

Other agreements concern a paint factory, a shipbreaking facility and a steel mill, a screw manufacturing plant, an audio cassette tape manufacturing plant and an aluminiumware manufacturing plant.

The CMSN is authorised to sign joint venture agreements with foreign interests for periods of up to 25 years and more.

Hongkong and foreign

interests will enjoy a tax holiday for a period of three to five years from the date of actual production and rentals for land in the special district will be \$2 to \$4 per sq ft per annum.

The corporate profit tax will be 10 per cent after the fourth or sixth year of operation.

Highways linking the border town of Shum Chun and Canton and stage 1 site work are expected to be completed in March.

Machinery, plant equipment and raw materials certified by CMSN can be imported and re-exported duty-free while finished and semi-finished products will be exempt from export tax.

Tax will be levied on products for use in the domestic Chinese markets.

A 1,900 ft pier is also being planned for the port.

Meanwhile, The Deputy Chief of Housing of Shum Chun Municipality, Mr Lok Kam-sing, told Business News in his border town of

fice yesterday that Shum Chun has entered into an agreement with Hongkong's Millie's Group to develop two blocks of high class residential flats for marketing among Chinese in Hongkong, Macau and other foreign countries.

Foreign businessmen will also be permitted to purchase "right of occupation" for their own use or for their staff working in various projects in Shum Chun. Shekou is part of Shum Chun Municipality.

The stage 1 project includes 95 flats of 645 sq ft at a scenic spot near Shum Chun Reservoir. The unit price will be \$120,000.

Facilities, including telephones, power supply and special permits for entering and leaving Shum Chun are being considered so that residents may commute between Hongkong and Shum Chun in private cars eventually.

It was learned that the total site area will be expanded to about 1,775,895 sq ft in 10 stages when larger units will be developed.

FOREIGN TRADE

MORE PETROLEUM PRODUCTS FROM HONG KONG

Hong Kong SOUTH CHINA MORNING POST in English 14 Jan 80 p BN 1

[Article by Julie Auyeung]

[Text]

Hongkong may get more petroleum products and other raw materials from Guangdong province in future, as part of a bilateral effort to expand trade.

But this depends on future talks between the two neighbours.

This was revealed yesterday by the deputy director of the Foreign Trade Bureau of Guangdong, Mr Li Pei.

"If it is possible, we hope to increase the supply of petroleum products to Hongkong."

"But it is a complicated and sensitive matter and it needs to be discussed by the authorities concerned," he said.

Mr Li — leading a delegation of 30 executives from the Guangdong area — arrived in Hongkong last weekend to organise an export commodities exhibition here.

In an interview, he disclosed that foreign businessmen can now apply for multi-entry visas, ranging from three months to six months, from their home country instead of from Hongkong.

Mr Li also confirmed that the Spring and Autumn Canton trade fairs will be held as usual, to dispel rumours that these two major fairs will be replaced by minor specialised fairs.

"Guangdong province is looking for increased economic co-operation with Hongkong — for example, through joint-ventures, compensation trade, processing and other methods that we find suitable."

"When we are making our development plans, we always bear in mind

the importance of maintaining a healthy economic growth for Hongkong."

"Our province has good reserves of natural resources and we will increase the supply of these raw materials to Hongkong for its industrial use," said Mr Li.

He pointed out that mineral products and petrochemical products are needed by Hongkong's industries.

In turn, increasing their sales to Hongkong helps to expand Guangdong's overseas market.

When asked whether these raw materials would include the supply of petroleum products and coal to Hongkong, Mr Li said "This depends on the future situation and related problems. Energy is a sensitive issue."

In his opinion, transport has been the main factor for Hongkong oil companies' not receiving the full amount of petroleum products from China.

"As the refinery in Guangdong province is improving its production capacity, we hope to increase the supply to Hongkong, if possible."

"Hongkong has various sources of supply of petroleum products and its supply problem is therefore related to many factors. It is not a matter that could be solved by us," he said.

He added it was difficult to comment on the possibility of putting up an oil refinery in Hongkong or in Guangdong province.

"Before it is proved that there are oil reserves in the South China Sea, the setting up of an oil refinery,

whether in Hongkong or in Guangdong, is just empty talk," he said.

However, Mr Li stressed that Hongkong will continue to be "very important" to the development of Guangdong.

Hongkong's present role in China's modernisation programme "will not be affected" in whatever way.

For example, he added, Hongkong can maintain its re-export function even though Guangdong is going to modernise its ports (numbering about 10 now).

"Development in Guangdong is beneficial to Hongkong. It is true that we will modernise our existing port facilities to cope with the increasing foreign trade, but we won't forsake Hongkong because of its excellent infrastructure," said Mr Li.

The Guangdong Province Foreign Trade Bureau, assisted by the China Advertising Co, will be holding a Guangdong Export Commodities Exhibition in Hongkong from January 26 to February 10.

About 3,400 products from the province will be on show.

The bureau cited the following reasons for holding the exhibition:

- For Hongkong people to know more comprehensively the production situation in Guangdong province.
- For the Guangdong Foreign Trade Bureau to find out the demand from the Hongkong market.
- For the bureau to find out how it can promote trade between Hongkong and Guangdong.

FOREIGN TRADE_n

PORT OF SHANGHAI IMPROVES PROFITS

Shanghai JIEFANG RIBAO in Chinese 12 Dec 79 p 1

[Article by Jin Baoshan [6855 1405 1472] and Dong Wenjun [5516 2429 0193]: "Port of Shanghai Overfulfills Annual Profit Plan One Month Early; Uses Method of Economic Checking To Improve Profits"]

[Text] The Shanghai Port Affairs Bureau conscientiously strengthened economic management and used the method of economic checks to improve profits with evident results. By 30 November the bureau had overfulfilled the annual profit plan a month early and with an increase of 34.3 percent over the same period last year.

This year, for the first time, the Shanghai Port Bureau has convened four all-port conferences to exchange and promote experience and methods of improving economic management. Starting with production, they mapped out new methods of economic management by checks at the levels of the bureau and of the loading and unloading areas. They directly linked the economic income of the enterprise and the income of the individual, promoting serious analysis of production and economic activity by leadership levels and the employees.

Many areas and stations wracked their brains to find ways of combining the goals of economic directives and production economies. They split the tasks into smaller targets, checked them one by one, assigned them to offices and teams forming a fairly comprehensive economic checking network. Then, on the basis of the checking targets assigned, each office and team formulated a system of responsibility for guaranteeing at each level the completion of the entire area's combined target. This played an important role in increasing income, lowering costs, reducing expenses and improving management.

The bureau is still rationally organizing reduction of idle time in loading and unloading and the increase of loading and unloading income. Many units have rationally organized loading and unloading, actively created conditions for more loading and unloading shifts and increased foreign exchange income.

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CSO: 4006

FOREIGN TRADE

TIANJIN EXPANDS CARBON-FILM RESISTOR EXPORT

Tianjin TIANJIN RIBAO in Chinese 14 Dec 79 p 1

[Report by TIANJIN RIBAO reporter Zhao Chinfu [6395 6855 4395]: "Tianjin Carbon-Film Resistors in Foreign Markets"]

[Text] The carbon-film resistors produced by the No 9 Radio Component Plant in Tianjin Municipality can now compete favorably with other similar products on domestic and foreign markets. The plant has received orders from many firms following a successful marketing of this high quality product abroad. According to statistics, the plant exported over 60 million carbon-film resistors for the first 10 months of this year. This export could exceed 80 million units by the end of 1979, or more than double the last year's figure. How could the plant's carbon-film resistors be successfully marketed abroad? The marketing of this product abroad was described by the plant's leading comrades as the "only option open to them." According to them, their plant was originally capable of producing 70 million carbon-film resistors annually. But since the market in Tianjin could consume no more than 30 million of them, what should the plant do with the surplus? They were neither wanted by Shanghai nor welcomed by self-sufficient north China nor needed by abundant Beijing. If the production continued as planned for the next 2 or 3 years, it would add up to an enormous surplus beyond the needs of domestic markets. But what was the possible solution for this surplus? With the help of the Tianjin Municipal Department of Foreign Trade, the plant eventually decided to market its product abroad as a solution for that question. But before it could do so, an analysis of foreign markets for carbon-film resistors warned it of the following three problems that it had to face in the event of its adventure into foreign markets: 1. the adventure would risk financial losses due to the fact that the charge for carbon-film resistors on foreign markets was only 1.2 cents apiece compared with 3 cents on domestic markets. Furthermore, each carbon-film resistor cost the plant 1.6 cents to produce. 2. It might risk losing competition with other similar products if it failed to live up to the demand of foreign markets for high quality and standards. 3. To meet the demands of foreign markets calls for improving production management and organizing a well-balanced production. Following a careful deliberation, the plant decided to go ahead with its plan for export on the grounds that it could inspire its workers to improve the quality of

its products, to lower the cost of production, to strengthen its industrial management, and to renovate its technology in this field until it could catch up with and surpass the world's advanced levels. It can also use its export earnings to boost China's foreign exchange reserves as a contribution to the Four Modernizations. The workers at the plant unanimously agreed that only by improving the quality of their products could they compete with others on foreign markets; only by lowering the cost of production could their plant be in a position to make profits from export and improve their country's balance of payments position and seek glory for their motherland.

With the help of the Department of Foreign Trade, the plant used various means to obtain information on the development of foreign markets as well as feedback on its product from the foreign consumer in order to improve the quality of its products. After receiving a report that the coil of wire in its carbon-film resistors could not compete for quality with foreign products, the plant's leading comrades immediately organized a technical force to resolve this problem by raising the quality through repeated experiments. As soon as it received another report that the 1/4 watt carbon-film resistors were in great demand abroad, these leading comrades personally organized technicians and old workers to quickly and successfully overcome technical difficulties in producing this new item, which was later welcomed by the consumer upon its appearance on foreign markets. Soon the plant received letters and telegrams demanding the signing of purchase contracts from foreign businessmen. In the past month alone, it has accepted orders that will take a year to deliver.

How to curtail the cost of production has also become a special concern of the workers at the plant. On the basis of an economic accounting, they noted that the plant would have to suffer a loss of 0.4 cents for each carbon-film resistor exported because its cost of production is 1.6 cents and selling price is 1.2 cents on foreign markets. Such losses would go up proportionally to 40 cents if 100 carbon-film resistors were exported, and to 40 yuan if 10,000 carbon-film resistors were exported. If the losses continued along this line, how could the plant contribute to the Four Modernizations? The workers were determined to prevent their plant from sustaining any further financial losses by taking some basic steps to curtail the cost of production. Among them were measures to strengthen the industrial management, further improve the regulations governing production, and put into effect a system under which anyone can be rewarded for doing a good job and reprimanded for poor performance. Facts show that workers can be financially benefited through the implementation of this system and other measures calling for conservation of raw materials and equipment in the process of production. In the end, they succeeded in cutting the cost of production from 1.6 to 1.2 cents per carbon-film resistor.

Due to the fact that its carbon-film resistors now enjoy a good reputation for their excellent quality, the plant has continued to receive orders from abroad. Some foreign businessmen even have personally visited the plant in hopes of striking some deals with it. This is the reason its supply is now

falling behind demand. The continuing flow of orders from abroad has required the plant to increase its output of carbon-film resistors from 50 million to over 100 million annually, a figure above its current annual capacity of 70 million. In an effort to expand its production, the plant imported from abroad two automatic assembly lines for carbon-film resistors last March, in addition to developing technical innovation and raising its labor productivity. With the imported equipment, it has installed an advanced production system capable of meeting its special requirements for quality control. The comrades at the plant are now looking forward to increasing its output of carbon-film resistors to 80 million by the end of this year and to 150 million next year.

Commenting on this progress, the workers said: "This well-planned expansion of production for export has given rise to a desire for importing foreign advanced technology and equipment and for taking the initiative in all fields of work. Otherwise, no progress can be made and no initiative can be taken." The No 9 Radio Component Plant has recieved support from many units for expanding its export. Some units in Shanghai, Beijing, north China and Tianjin have actively stepped up the production of fast drying varnishes, metals, industrial ceramics, chemicals and other semi-finished items to meet the urgent needs of the plant for expanding its export. The Tianjin Municipal Department of Foreign Trade has helped the plant market its carbon-film resistors abroad and provided technical assistance so that it could import equipment from abroad. A leading comrade of the plant said: We owe our success in marketing the carbon-film resistors abroad to strong support rendered by many fraternal units."

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CSO: 4005

FOREIGN TRADE

EXPANDING LOBSTER FLAKE EXPORT URGED

Shanghai JIEFANG RIBAO in Chinese 10 Dec 79 p 2

[Article by Gan Gu [1626 6253]: "Let Lobster Be Traded for More Foreign Exchange"]

[Text] "Dove" brand lobster flakes produced by the Shanghai Shellfish Flake Food Plant are sold in over 40 countries and regions all over the world. One ton of lobster flakes can be exchanged for over US\$1,100. In the entire country there is now just th's one plant. In the '60s, this plant exported several tons a year. This has now increased to nearly 1,000 tons a year, earning over US\$1 million. However, supply still cannot meet the demand, and this year 60 or 70 foreign buyers have placed orders which cannot be filled.

Why can't the demand for lobster flakes be satisfied? As we understand it, it isn't a shortage of labor, nor a shortage of raw materials, but limited plant space which has hindered expansion of production.

The Shanghai Shellfish Flake Plant is on Zhonghua [0022 5478] Road in the Nanshi [0589 1579] Ward. The plant has nearly 200 employees and a production area of over 1,000 square meters. In the past few years the workers have fully utilized all useable space including putting machines in corridors and passageways. But because it is really too crowded between shops and offices, there is no way to introduce modernized assembly line production. Sometimes when a machine is improved there is no room to install it, which wastes a great deal of manpower and material. To meet the needs of foreign trade exports and earn more foreign exchange for the nation, in 1972 the plant first reported this to the higher echelon units and asked for permission to expand the plant building. By the time of the smashing of the "gang of four" they had reported nearly 20 times, but it was like a stone dropping into the sea.

After the smashing of the "gang of four" they renewed their reports and proposed that another plant building be built at Pudong [3184 2639] if they couldn't expand the present plant. After this report, a new plant site was chosen at Pudong, but then there was a disagreement about who was to be responsible for the investment capital. The Office of Domestic Trade said the

Office of Foreign Trade should provide the investment funds, and the Office of Foreign Trade sent it back to the Office of Domestic Trade for a decision. The "football" was kicked back and forth until finally a bank loan was taken out. Now who is going to approve the bank loan? It's said that the report has begun a new "journey" and no one knows into whose hands it has "journeyed" now.

The raw materials for producing lobster flakes are very simple: only fresh lobsters and high grade starch are required, and these are now plentiful. With the additional factor of abundant manpower, just by expanding the plant, production can be at least doubled to 2,000 tons, creating an additional US \$1 million in foreign exchange annually. This matter which will benefit the nation and the people has been dragging on for years now, so I ask the offices concerned, when are you going to conscientiously help them resolve this plant building question?

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CSO: 4006

FOREIGN TRADE

BRIEFS

GUANGDONG ADVERTISING AGENCY—The Guangdong Provincial Advertising Agency was officially inaugurated recently with the approval of the Guangdong Provincial Revolutionary Committee. The agency is responsible for handling all advertisements on foreign business interests in Guangdong and on marketing its export commodities abroad. A responsible person of this agency stated: his agency is earnestly looking forward to strengthening its contacts and to cooperation with the advertising circles in Hong Kong and Macao and other parts of the world, to actively giving services to Guangdong and other south China provinces whenever they wish to place advertisements in foreign countries, to playing a role in promoting trade and economic and technical exchanges between China and other nations and to serving the people's interests. [Text] [Hong Kong WEN HUI PO in Chinese 10 Nov 79 p 1] 9574.

CSO: 4005

TRANSPORTATION

HONG KONG PAPER ON CONSTRUCTION OF NEW PORT IN DONGGUAN

HK211153 Hong Kong WEN WEI PO in Chinese 20 Jan 80 p 1 HK

[Special report by WEN WEI PO reporter Chi Hsi-ching from Guangzhou on 19 January: "A Large Port Will Be Built in Dongguan"]

[Text] During the 1980's, a new large port will be built in Xinsha area in Dongguan County where the Dongjiang River and Zhujiang River meet. The departments concerned have already formulated preliminary plans to build some 10 berths there before 1990. After the completion of the expansion project of the new Huangpu port they plan to build a total of some 30 berths by the end of the century. By that time, the old and new Huangpu ports along the Zhujiang River and the large port preliminarily planned to be built in Xinsha will be linked to form an organic whole. As a result, they will make even greater contributions to promoting a vigorous development in China's foreign trade and also domestic exchanges in materials.

Chen Shangjing, deputy director of the Huangpu Port Administration Bureau under the Ministry of Communications, told me about this when I visited the expansion project of the new Huangpu port on 17 January. He said: The departments concerned surveyed Xinsha, Humen and Dachan in the lower reaches of the Zhujiang River last year for a site to build a port. They preliminarily selected the site in Xinsha to build the port. Xinsha is situated in the lower reaches of the new Huangpu port, and stands opposite the well-known Lianhua Mountain across the Zhujiang River. By building a bridge across the Dongjiang River, it will be possible to build a railway passing through the new Huangpu port and linking the Guangzhou-Shenzhen railway line. At the same time, the coastline there is straight, the water area is wide, there are low waves and the distance for inland water transport is also the shortest. It is therefore a relatively ideal site for building a port.

Chen Shangjing said: The major task for this year and the next is to implement the plan for port construction. Once the 3-year economic readjustment plan is fulfilled, construction work will begin in 1983. He said: China can carry out the hydraulic construction and civil

engineering work, but it plans to use foreign machinery to build the port. This will be done through joint ventures or compensation trade. Because the imported and exported goods handled by the Huangpu port are mainly groceries and sundry goods, the berths will mainly be 35,000 tons. It is estimated that several hundred million yuan will be invested in the project. Currently, the annual volume of freight handled by the new and old Huangpu port is 12 million tons. By the end of the century when the Xinsha port is included, the total volume of freight handled will reach 40 million tons. The plan does not include the factor of the exploitation of oil fields in the Zhujiang River delta and the South China Sea.

There are now five berths in the new Huangpu port, and three additional berths and two coal piers are currently under construction. The embankment project of the three berths has been basically completed. It is new wharf with a large embankment.

Two of the three additional berths under construction in the new Huangpu port are designed for container ships.

According to Chen Shangjing, there is basically no stockpiling now in the Huangpu ports. Before last March, vessels sometimes had to wait for a month before the goods could be unloaded. Since last April, the waiting time has been reduced to under a month; and recently, the average time in port (including the unloading of goods) was reduced to less than 10 days.

CSO: 4006

TRANSPORTATION

PRC HOLDS TELEPHONE CONFERENCE ON RAIL SAFETY, EXPLOSIONS

OW242036 Beijing XINHUA Domestic Service in Chinese 1632 GMT 24 Jan 80 OW

[Text] Beijing, 24 Jan--To insure the safety of passengers traveling by rail during the forthcoming spring festival rush, the Ministry of Railways recently called an all-railway telephone conference, calling on the railway departments in various localities to resolutely implement the state council's regulations strictly banning passengers from carrying explosives and other dangerous combustibles on board trains, motor vehicles, vessels and aircraft. All railway departments were urged to take urgent measures to see that the regulations will be strictly observed.

The telephone conference pointed out that the number of cases of passengers carrying firecrackers, pyrotechnics, throw or pull-type fireworks, explosives and other dangerous combustibles on board trains or to railway stations has increased lately. As a result six explosions occurred during the first 3 weeks of this year and deaths and injuries to passengers in three of these cases were reported, involving tremendous losses to the state and to the lives and property of the people.

An explosion occurred on 20 January in the second district passenger second floor waiting room of the Jinan Railway Station, injuring 13 passengers instantly; two of them were injured seriously. This mishap took place when four packages containing more than 44,000 throw-type firecrackers carried by two passengers went off due to impact on collision. In the incident, more than 20 passengers' cotton-padded jackets and five handbags were burned and over 20 of the waiting room's windows were damaged. The two passengers carrying the firecrackers to the station were detained by the local public security department for further judicial actions according to law.

One of the coaches of the Changsha-Guangzhou 403-run passenger train burned on 22 January when the train arrived at the Zhuzhou Railway station. The incident results from a fire resulting from an explosion of the combustible items carried aboard the train by passengers. Despite the emergency rescue work by the Zhuzhou Railway Station's fire brigade and railworkers, more than 20 passengers were killed or injured.

At the telephone conference, the Ministry of Railways asked railway departments in various localities to mobilize immediately, vigorously publicize the State Council regulations on forbidding passengers to carry combustible and explosive items on board trains, ships and planes, take urgent measures to strengthen inspection, confiscate dangerous items and punish passengers who violate the regulations according to the seriousness of various cases, and send those violators who create major accident causing casualties and serious damage to state property to local people's courts to be prosecuted for their criminal responsibility. It also asked railway departments to commend and award those who make achievements in checking and preventing accidents.

The Ministry of Railways also hoped that local governments at various levels would energetically help railway departments to do this work well and that various units would conduct education and ask their staff members and workers to seriously obey rules and regulations of railway departments and refrain from carrying dangerous items on board trains.

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TRANSPORTATION

BRIEFS

ZHEJIANG ORE-UNLOADING PORT--Hangzhou, 10 Jan--A 100,000-ton-class deepwater ore-unloading dock is being built at Beilun port in Zhenhai County, Zhejiang. The main part of the dock consists of a 100,000-ton-class berth, two 25,000-ton-class berths, a 1-kilometer-long jetty and conveyer belt and a storage area for holding 500,000 tons of ore. The dock is an auxiliary project in support of the Baoshan Iron and Steel Complex in Shanghai and is scheduled for completion in 1981. Upon completion, it will be able to unload 20 million tons of ore annually. At present, the jetty has been completed and the foundations for the berths have been laid. Imported, computerized unloading equipment will be installed on the dock. [OW151107 Beijing XINHUA Domestic Service in Chinese 0205 GMT 10 Jan 80 OW]

YUNNAN RURAL HIGHWAYS--By 1978, 92.7 percent of the people's communes, 58.89 percent of the brigades and 51 percent of the production teams throughout Yunnan were accessible by highways, thereby improving communications in the countryside of Yunnan. The highway development in the countryside has promoted an exchange of material between the cities and countryside and enlivened the economy in the countryside. [HK171315 Kunming Yunnan Provincial Service in Mandarin 1330 GMT 10 Jan 80 HK]

ZHEJIANG RAILWAY STATION PROJECT--The first-stage expansion project of (Genshanmen) railway station on the Shanghai-Hangzhou railway was completed on 27 December. The expanded station, which occupies nearly 1,000 mu of land and involves 220,000 cubic meters of earthwork, 27 kilometers of new tracks, a large bridge, new buildings with floor space of more than 1,000 square meters and other projects, has become one of the relatively modern railway stations under the administration of the Hangzhou Railway Subbureau. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 3 Jan 80 OW]

FUJIAN SHIPPING--The Fujian shipping front fulfilled the passenger and cargo transport plans for 1979 ahead of schedule. By 4 December, the amount of passenger and cargo transport had increased by 10 percent as compared with 1978. Fujian has also opened new sea routes from Xiamen and Fuzhou to Tianjin, thus speeding up the transportation of goods and reducing transit expenses and losses. The navigation of cargo transport from Fuzhou to Hong Kong and from Xiamen to Hong Kong has contributed to the development of Fujian's foreign trade. [HK150721 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 3 Jan 80 HK]

MOTOR VEHICLE INDUSTRY--Beijing, 21 Jan--Chinese motor vehicle plants have, since last November, signed contracts to make 23,000 motor vehicles using materials furnished by the buyers. This amounts to 19 percent of the country's planned output for 1980. The buyers supply steel, tires and other components and pay processing fees. This is a new trend for China's motor vehicle industry which has started to regulate production through planning as well as market demand. China's planned automobile production for the current year has been cut down as a result of the economic readjustment. The motor vehicle plants can fill in the unused capacity by taking orders directly from buyers. The No 1 Motor Vehicle Plant at Changchun which has an annual capacity of 65,000 trucks has an assignment of only 50,000 vehicles from the state for 1980. It will produce 15,000 more for specific buyers. [OW211351 Beijing XINHUA in English 0715 GMT 21 Jan 80 OW]

RAILWAY CADRES--According to RENMIN TIEDAO BAO [PEOPLE'S RAILWAY], since the convention of the national science conference, Chinese railway departments have promoted over 20,000 scientific and technological cadres to leading posts. They are playing an important role in railway modernization. This includes the naming of 475 chief and deputy chief engineers, 185 researchers, deputy researchers, professors and associate professors and 7,799 engineers, instructors and assistant researchers. [Beijing Domestic Service in Mandarin 2230 GMT 16 Jan 80 OW]

RAILWAY CONTAINER FREIGHT--Beijing, 12 Jan--China's railways moved nearly three times as much containerized freight during 1979 as they did in 1978, according to the year-end figures just released. Half of the country's 20 railway administrations combined to double the number of freight containers, expand freight yards, build more container wagons and improve loading facilities. Container turn-round was cut from an average 19.6 days to 10 days. Damage was reduced dramatically, and packing and handling costs were reduced. In Shanghai, the railway authorities got together with the Municipal Fruit Company to build a specially ventilated container for moving fruit. Again, the spoilage and costs were greatly reduced. [Text] [OW140238 Beijing XINHUA in English 0710 GMT 12 Jan 80 OW]

LONGEST HIGHWAY TUNNEL--Zhengzhou, 22 Jan--China's longest highway tunnel has been driven through the Taihang Mountains between Henan and Shanxi provinces. The tunnel is 1,740 metres long, seven metres wide and 5.5 metres high and was built by a team of peasants from Huixian County, Henan Province. The team has long experience of building tunnels in hazardous areas. It is called the "Victory Tunnel," having fulfilled the long-cherished desire of the people living on both sides of the mountain to build a road. Previously they had to take a roundabout course over fifty or even more kilometres. [Text] [OW220544 Beijing XINHUA in English 0227 GMT 22 Jan 80 OW]

NEW SHANDONG RAILWAY--Jian, 23 Jan--A new railway has been completed from Jining to Heze in southwest Shandong Province. The railway opened to traffic on 20 January. The railway is 108 kilometers long and was built as a joint venture by Shandong Province and the Ministry of Railways. Heze Prefecture was an old revolutionary base before new China was founded. Previously, it had poor communications and transport facilities. The new railway is linked with the Tianjin-Pukou railway by the Yanzhou-Jining railway. Its completion will speed up industrial and agricultural growth in the prefecture. [Beijing XINHUA in English 0304 GMT 23 Jan 80 OW]

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